

7 August 2024

Sector: Commerce

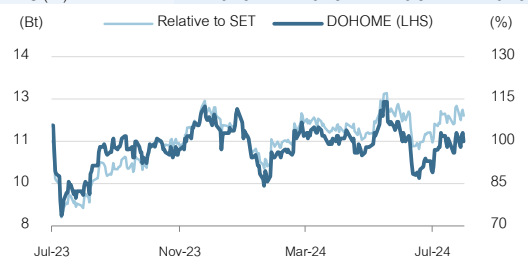
Bloomberg ticker	<b>DOHOME TB</b>
Recommendation	<b>HOLD</b> (maintained)
Current price	Bt10.10
Target price	Bt10.00 (previously Bt11.00)
Upside/Downside	-1%
EPS revision	24E/25E: -7%/-6%

Bloomberg target price	Bt12.05
Bloomberg consensus	Buy 8 / Hold 6 / Sell 1

<b>Stock data</b>	
Stock price 1-year high/low	Bt12.60 / Bt8.99
Market cap. (Bt mn)	32,941
Shares outstanding (mn)	2,907
Avg. daily turnover (Bt mn)	52
Free float	24.75%
CG rating	Very good
ESG rating	n.a.

<b>Financial &amp; valuation highlights</b>				
FY: Dec (Bt mn)	2022A	2023A	2024E	2025E
Revenue	31,321	31,218	32,537	37,764
EBITDA	2,074	2,163	2,702	2,998
Net profit	774	585	912	1,127
EPS (Bt)	0.27	0.20	0.31	0.39
Growth	-57.4%	-24.4%	55.9%	23.5%
Core EPS (Bt)	0.29	0.18	0.31	0.39
Growth	-53.3%	-37.3%	71.3%	23.5%
DPS (Bt)	0.08	0.06	0.09	0.12
Div. yield	0.8%	0.6%	0.9%	1.2%
PER (x)	37.9	50.2	32.2	26.1
Core PER (x)	34.6	55.1	32.2	26.1
EV/EBITDA (x)	11.4	10.9	8.8	7.9
PBV (x)	2.5	2.5	2.3	2.2

<b>Bloomberg consensus</b>				
Net profit	774	585	967	1,245
EPS (Bt)	0.25	0.18	0.31	0.40



Source: Aspen

<b>Price performance</b>	<b>1M</b>	<b>3M</b>	<b>6M</b>	<b>12M</b>
Absolute	-5.6%	-6.5%	-4.9%	5.6%
Relative to SET	-2.7%	0.5%	3.9%	22.3%

<b>Major shareholders</b>	<b>Holding</b>
1. DOHOME Holding	28.18%
2. Mr. Adisak Tangmitpracha	11.27%
3. Mrs. Nattaya Tangmitpracha	8.45%

Analyst: Amnart Ngosawang (Reg. No. 029734)

Assistant Analyst: Pimpitsamai Tupinprom

## Dohome

### Below-estimate 2Q24 results with YoY growth offset by QoQ weakness

We reiterate a HOLD recommendation on DOHOME but have lowered the target price to Bt10.00 (from Bt11.00), based on a 2024E PER of 32x (+0.25 SD above the 3-year average). This adjustment reflects a downward revision of our earnings forecast. DOHOME reported mixed 2Q24 results, with net profit surging +389% YoY to Bt193mn but declining -21% QoQ, missing our estimates by 8%. Total revenue was flat YoY at Bt8.0bn but increased +1% QoQ. SSSG declined -5.3%, primarily due to the bank office segment. Excluding steel products, SSSG was approximately -7%. GPM came in at 17.5% (+150 bps YoY, -30 bps QoQ), supported by a higher profit margin across all product segments, but partially offset by a higher proportion of steel and construction products. SG&A expenses rose +11% YoY and +7% QoQ to Bt1.1bn due to increased HR, transportation, and energy costs.

We have reduced our 2024E and 2025E net profit forecasts by 7% and 6% to Bt912mn (+56% YoY) and Bt1.1bn (+24% YoY), reflecting lower-than-expected 1H24 performance and anticipated flat SSSG in 2024E. While 3Q24E is expected to be seasonally weak, 4Q24E may benefit from improved GPM.

The stock has underperformed the SET Index by -3% over the past month due to concerns about the construction sector's slow recovery. Despite resilient GPM performance, we maintain our HOLD recommendation given the stock's demanding valuation relative to the sector's modest growth outlook.

### Event: 2Q24 results review

#### 2Q24 results below expectations

DOHOME reported mixed 2Q24 results, with net profit surging +389% YoY to Bt193mn but declining -21% QoQ, missing our estimates by 8%. Key financial data:

- Total revenue was flat YoY at Bt8.0bn but increased +1% QoQ. SSSG declined -5.3%, with the back office segment falling -5%, offset by the stable POS segment. Excluding steel products, SSSG was approximately -7%.
- GPM came in at 17.5% (+150 bps YoY, -30 bps QoQ), supported by a higher profit margin across all product segments, but partially offset by a QoQ higher proportion of steel and construction products. GPM in the steel segment was flat at 11-12%, while that of the house brand segment came in at 33%.
- SG&A expenses rose +11% YoY and +7% QoQ to Bt1.1bn due to increased HR, transportation, and energy costs.
- Store network: DOHOME has 24 large-format Dohome stores and 13 Dohome To Go stores, with 2 of which added in 2Q24.

#### Downward revision of 2024-25E forecasts

We have reduced our 2024E and 2025E net profit forecasts by 7% and 6% to Bt912mn (+56% YoY) and Bt1.1bn (+24% YoY), reflecting lower-than-expected 1H24 performance and anticipated flat SSSG in 2024E. While 3Q24E is expected to be seasonally weak, 4Q24E may benefit from improved GPM.

#### Valuation/Catalyst/Risk

We maintain our HOLD recommendation but adjust the 2024E target price to Bt10.00 (from Bt11.00), based on a 2024E PER of 32x (which is +0.25 SD above the 3-year average PER). While the company to navigate weak purchasing power headwinds throughout the year, we anticipate 2024E earnings growth from a low base effect.

## 2Q24 results review

FY: Dec (Bt mn)	2Q24	2Q23	YoY	1Q24	QoQ	1H24	1H23	YoY
Revenues	8,016	7,995	0.3%	7,959	0.7%	15,975	16,456	-2.9%
CoGS	(6,615)	(6,876)	-3.8%	(6,542)	1.1%	(13,158)	(13,941)	-5.6%
Gross profit	1,401	1,119	25.2%	1,416	-1.1%	2,817	2,515	12.0%
SG&A	(1,099)	(993)	10.7%	(1,024)	7.3%	(2,123)	(1,993)	6.5%
EBITDA	624	402	55.3%	698	-10.5%	1,322	1,061	24.5%
Other inc./exps	74	55	34.3%	58	29.2%	132	102	29.4%
Interest expenses	(142)	(136)	4.1%	(147)	-3.8%	(289)	(254)	13.5%
Income tax	(42)	(6)	578.4%	(58)	-27.7%	(101)	(72)	39.5%
Core profit	193	39	388.9%	244	-21.2%	437	298	46.7%
Net profit	193	39	388.9%	244	-21.2%	437	298	46.7%
EPS (Bt)	0.07	0.01	388.9%	0.08	-21.2%	0.15	0.10	46.7%
Gross margin	17.5%	14.0%		17.8%		17.6%	15.3%	
Net margin	2.4%	0.5%		3.1%		2.7%	1.8%	

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### Quarterly income statement

(Bt mn)	2Q23	3Q23	4Q23	1Q24	2Q24
Sales	7,995	7,431	7,331	7,959	8,016
Cost of sales	(6,876)	(6,283)	(6,094)	(6,542)	(6,615)
Gross profit	1,119	1,148	1,238	1,416	1,401
SG&A	(993)	(973)	(1,021)	(1,024)	(1,099)
EBITDA	402	474	628	698	624
Finance costs	(136)	(139)	(150)	(147)	(142)
Core profit	39	91	144	244	193
Net profit	39	91	197	244	193
EPS	0.01	0.03	0.07	0.08	0.07
Gross margin	14.0%	15.5%	16.9%	17.8%	17.5%
EBITDA margin	5.0%	6.4%	8.6%	8.8%	7.8%
Net profit margin	0.5%	1.2%	2.7%	3.1%	2.4%

### Balance sheet

FY: Dec (Bt mn)	2021	2022	2023	2024E	2025E
Cash & deposits	301	160	(1,593)	(1,535)	(1,034)
Accounts receivable	1,571	1,463	1,249	1,301	1,511
Inventories	11,796	13,761	14,282	14,885	17,276
Other current assets	306	274	370	386	448
<b>Total cur. assets</b>	<b>13,974</b>	<b>15,659</b>	<b>14,307</b>	<b>15,037</b>	<b>18,200</b>
Investments	0	0	0	0	0
Fixed assets	12,346	16,016	16,619	17,093	17,540
Other assets	907	1,643	1,098	1,145	1,329
<b>Total assets</b>	<b>27,227</b>	<b>33,318</b>	<b>32,025</b>	<b>33,275</b>	<b>37,069</b>
Short-term loans	8,494	11,161	10,284	10,719	12,440
Accounts payable	3,897	4,483	4,718	4,917	5,707
Current maturities	739	767	1,209	926	709
Other current liabilities	195	45	236	246	286
<b>Total cur. liabilities</b>	<b>13,325</b>	<b>16,456</b>	<b>16,447</b>	<b>16,808</b>	<b>19,142</b>
Long-term debt	2,940	5,164	3,559	3,710	4,306
Other LT liabilities	82	95	62	65	75
<b>Total LT liabilities</b>	<b>3,021</b>	<b>5,259</b>	<b>3,621</b>	<b>3,774</b>	<b>4,381</b>
<b>Total liabilities</b>	<b>16,347</b>	<b>21,715</b>	<b>20,069</b>	<b>20,582</b>	<b>23,523</b>
Registered capital	3,244	2,908	2,908	2,908	2,908
Paid-up capital	2,422	2,907	2,907	2,907	2,907
Share premium	5,553	5,555	5,555	5,555	5,555
Retained earnings	3,505	3,737	4,090	4,827	5,679
Others	(600)	(595)	(595)	(595)	(595)
Minority interests	0	0	0	0	0
<b>Shares' equity</b>	<b>10,880</b>	<b>11,603</b>	<b>11,956</b>	<b>12,693</b>	<b>13,546</b>

### Cash flow statement

FY: Dec (Bt mn)	2021	2022	2023	2024E	2025E
Net profit	1,818	774	585	912	1,127
Depreciation	(590)	(784)	(897)	(1,026)	(1,053)
Chg in working capital	(3,636)	(2,113)	536	(506)	(2,006)
Others					
<b>CF from operations</b>	<b>(2,408)</b>	<b>(554)</b>	<b>2,018</b>	<b>1,432</b>	<b>174</b>
Capital expenditure	(883)	(4,455)	(1,500)	(1,500)	(1,500)
Others	0	0	0	0	0
<b>CF from investing</b>	<b>(883)</b>	<b>(4,455)</b>	<b>(1,500)</b>	<b>(1,500)</b>	<b>(1,500)</b>
<b>Free cash flow</b>	<b>(3,482)</b>	<b>(5,279)</b>	<b>78</b>	<b>(504)</b>	<b>(1,762)</b>
Net borrowings	1,521	4,919	(2,040)	302	2,101
Equity capital raised	2,761	487	0	0	0
Dividends paid	(202)	(545)	(232)	(176)	(274)
Others	(587)	5	0	0	0
<b>CF from financing</b>	<b>3,492</b>	<b>4,865</b>	<b>(2,272)</b>	<b>126</b>	<b>1,827</b>
<b>Net change in cash</b>	<b>202</b>	<b>(144)</b>	<b>(1,754)</b>	<b>59</b>	<b>501</b>

### Forward PER band



### Income statement

FY: Dec (Bt mn)	2021	2022	2023	2024E	2025E
Sales	25,785	31,321	31,218	32,537	37,764
Cost of sales	(20,578)	(26,434)	(26,317)	(27,006)	(31,344)
<b>Gross profit</b>	<b>5,207</b>	<b>4,887</b>	<b>4,901</b>	<b>5,531</b>	<b>6,420</b>
SG&A	(2,836)	(3,728)	(3,988)	(4,035)	(4,683)
<b>EBITDA</b>	<b>3,094</b>	<b>2,074</b>	<b>2,163</b>	<b>2,702</b>	<b>2,998</b>
Depre. & amortization	(590)	(784)	(897)	(1,026)	(1,053)
Equity income	0	0	0	0	0
Other income	133	131	352	179	208
<b>EBIT</b>	<b>2,504</b>	<b>1,290</b>	<b>1,266</b>	<b>1,676</b>	<b>1,945</b>
Finance costs	(239)	(333)	(544)	(542)	(541)
Income taxes	(448)	(183)	(136)	(221)	(276)
<b>Net profit before MI</b>	<b>1,818</b>	<b>774</b>	<b>585</b>	<b>913</b>	<b>1,127</b>
Minority interest	0	0	0	(0)	(0)
<b>Core profit</b>	<b>1,818</b>	<b>849</b>	<b>532</b>	<b>912</b>	<b>1,127</b>
Extraordinary items	0	75	(53)	0	0
<b>Net profit</b>	<b>1,818</b>	<b>774</b>	<b>585</b>	<b>912</b>	<b>1,127</b>

### Key ratios

FY: Dec (Bt mn)	2021	2022	2023	2024E	2025E
<b>Growth YoY</b>					
Revenue	37.3%	21.5%	-0.3%	4.2%	16.1%
EBITDA	87.3%	-33.0%	4.3%	24.9%	11.0%
Net profit	150.2%	-57.4%	-24.4%	55.9%	23.5%
Core profit	150.2%	-53.3%	-37.3%	71.3%	23.5%
<b>Profitability ratio</b>					
Gross profit margin	20.2%	15.6%	15.7%	17.0%	17.0%
EBITDA margin	12.0%	6.6%	6.9%	8.3%	7.9%
Core profit margin	7.1%	2.7%	1.7%	2.8%	3.0%
Net profit margin	7.1%	2.5%	1.9%	2.8%	3.0%
ROA	6.7%	2.3%	1.8%	2.7%	3.0%
ROE	16.7%	6.7%	4.9%	7.2%	8.3%
<b>Stability</b>					
D/E (x)	1.50	1.87	1.68	1.62	1.74
Net D/E (x)	1.09	1.46	1.39	1.33	1.37
Interest coverage ratio	12.97	6.23	3.98	4.99	5.54
Current ratio (x)	1.05	0.95	0.87	0.89	0.95
Quick ratio (x)	0.16	0.12	0.00	0.01	0.05
<b>Per share (Bt)</b>					
Reported EPS	0.63	0.27	0.20	0.31	0.39
Core EPS	0.63	0.29	0.18	0.31	0.39
Book value	3.74	3.99	4.11	4.37	4.66
Dividend	0.19	0.08	0.06	0.09	0.12
<b>Valuation (x)</b>					
PER	16.15	37.93	50.16	32.18	26.06
Core PER	16.15	34.59	55.13	32.18	26.06
P/BV	2.70	2.53	2.46	2.31	2.17
EV/EBITDA	7.64	11.40	10.94	8.75	7.89
Dividend yield	1.9%	0.8%	0.6%	0.9%	1.2%

## Corporate governance report of Thai listed companies 2023

### CG rating by the Thai Institute of Directors Association (Thai IOD)

Score	Symbol	Description	ความหมาย
90-100		Excellent	ดีเลิศ
80-89		Very Good	ดีมาก
70-79		Good	ดี
60-69		Satisfactory	ดีพอใช้
50-59		Pass	ผ่าน
< 50	No logo given	n.a.	n.a.

### IOD disclaimer

The Corporate Governance Report (CGR) of Thai listed Companies is based on a survey and assessment of information that companies listed on the Stock Exchange of Thailand and the Market for Alternative Investment (“listed companies”) disclose to the public. The CGR is a presentation of information from the perspective of outsiders on the standards of corporate governance of listed companies. It is not any assessment of the actual practices of the listed companies, and the CGR does not use any non-public information. The CGR is not therefore an endorsement of the practices of the listed companies. It is not a recommendation for investment in any securities of any listed companies or any recommendation whatsoever. Investors should exercise their own judgment to analyze and consider any information relating to the listed companies presented in this CGR report. No representation or warranty is made by the Institute of Directors or any of its personnel as to the completeness or accuracy of the CGR report or the information used.

### DAOL SEC’s stock rating definition

- BUY** The stock presents a good buying opportunity as it appears undervalued and/or will appreciate in the medium term. A return of the stock, excluding dividend, is expected to exceed 10%.
- HOLD** The stock lacks a catalyst in the medium to long term, and there is uncertainty regarding earnings growth. A return of the stock is expected to be between 0% and 10%.
- SELL** The stock appears overvalued and/or will perform poorly in the medium to long term, while there is major challenge at a company.

Notes: The expected returns may be subject to change at any time without notice.

### ESG rating (ESG: Environmental, Social, and Governance)

DAOL SEC believes environmental, social and governance (ESG) practices will help determine the sustainability and future financial performance of companies. We thus incorporate ESG into our valuation model.

- ❑ **Environmental** criteria consider how the company safeguards the environment and conserves natural resources. DAOL SECURITIES (THAILAND) calculates how much revenue derives from a business operation that can be harmful to the environment.
- ❑ **Social** criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. It also consists of employee welfare. DAOL SECURITIES (THAILAND) analyzes the company’s non-financial statement reports (news and announcements), including NGO-related activities, retrieved from Bloomberg.
- ❑ **Governance** ensures a company uses accurate and transparent accounting method, internal controls, risk assessments, shareholder rights, and anti-corruption policies. DAOL SECURITIES (THAILAND) relates the IOD’s CG rating system.

#### DAOL SECURITIES (THAILAND)’S ESG Scale of Ratings

Excellent (5)	Very Good (4)	Good (3)	Satisfactory (2)	Pass (1)
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DAOL SECURITIES (THAILAND) assigns an “n.a.” to notify an insufficient information.