



Analyst Meeting | 2Q'19 Result

August 2, 2019



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About HomePro



HomePro is the **leading home** improvement retailer in Thailand.



HomePro's products cover **40,000** items



HomePro operates **91** stores nationwide



HomePro provides complete service as **One Stop Shopping**



Agenda

- **2Q'19 Financial Results**

- **Business Outlook**



Home Product Center Plc. : Operating HomePro in Thailand



HUA HIN
Market Village
ศูนย์การค้า

Market Village Co., Ltd.

- Holds 99.99% of total shares
- Objective to manage rental space and provide utilities services to tenants.



Home Product Center (Malaysia) Sdn. Bhd.

- Holds 100% of total shares
- Objective to operate a retail business in Malaysia.



Mega Home Center Co., Ltd.

- Holds 99.99% of total shares
- Objective to operate retail business under trade name "Mega Home".

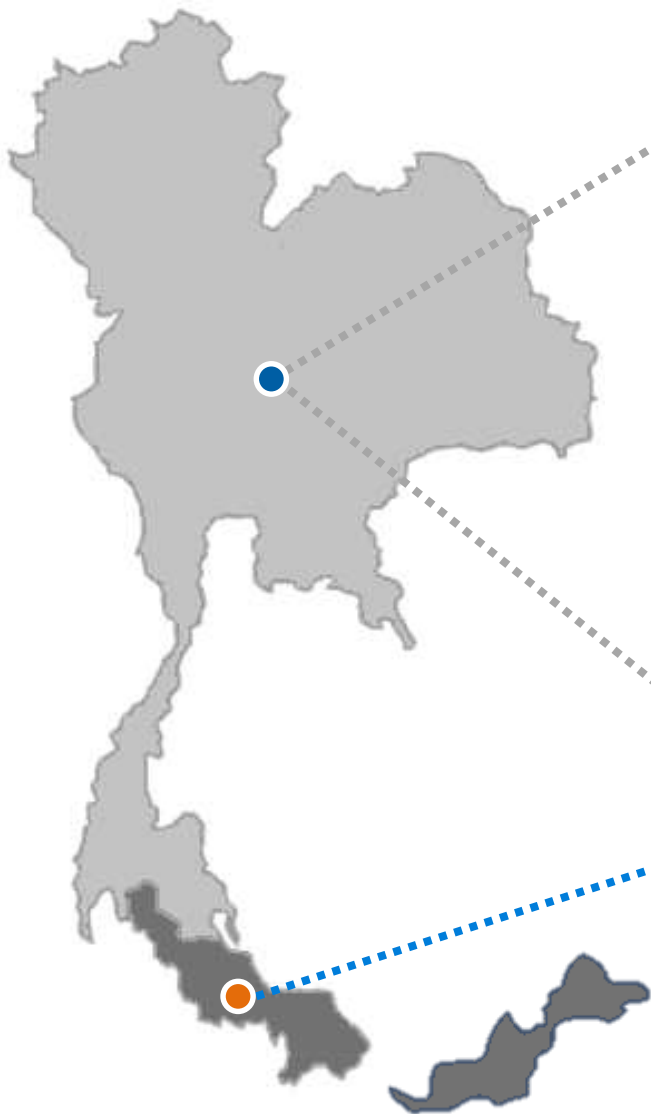


DC Service Center Co., Ltd.

- Holds 99.99% of total shares
- Objective to operate the warehousing and distribution.



Store Footprint



 Greater Bangkok : 27 stores
Upcountry : 56 stores

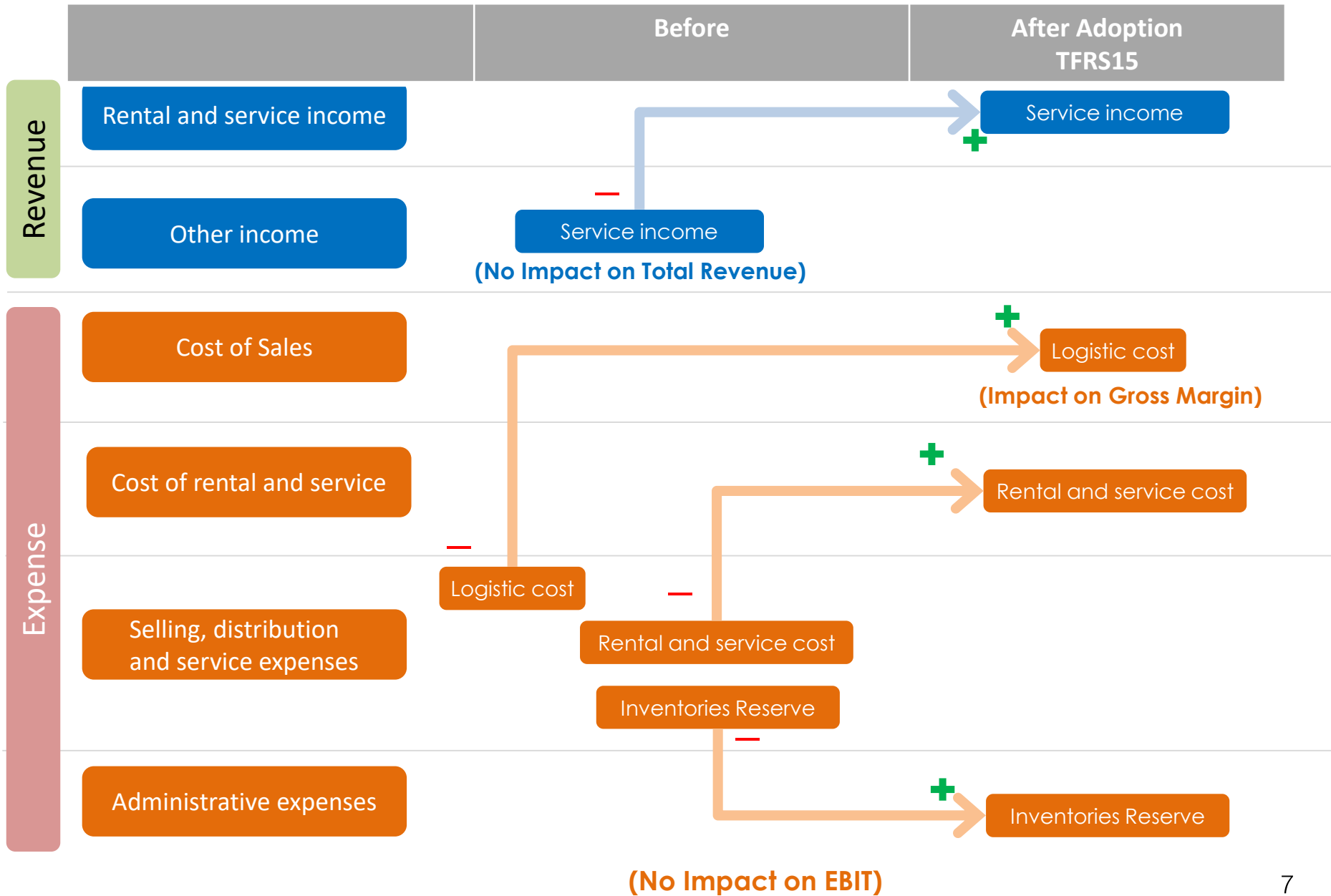
 Greater Bangkok : 7 stores
Upcountry : 1 store

 Greater Bangkok : 2 stores
Upcountry : 10 stores

 Malaysia : 6 stores



TFRS 15 Adoption - Revenue from Contracts with Customers





IFRS 15 Adoption - Revenue from Contracts with Customers

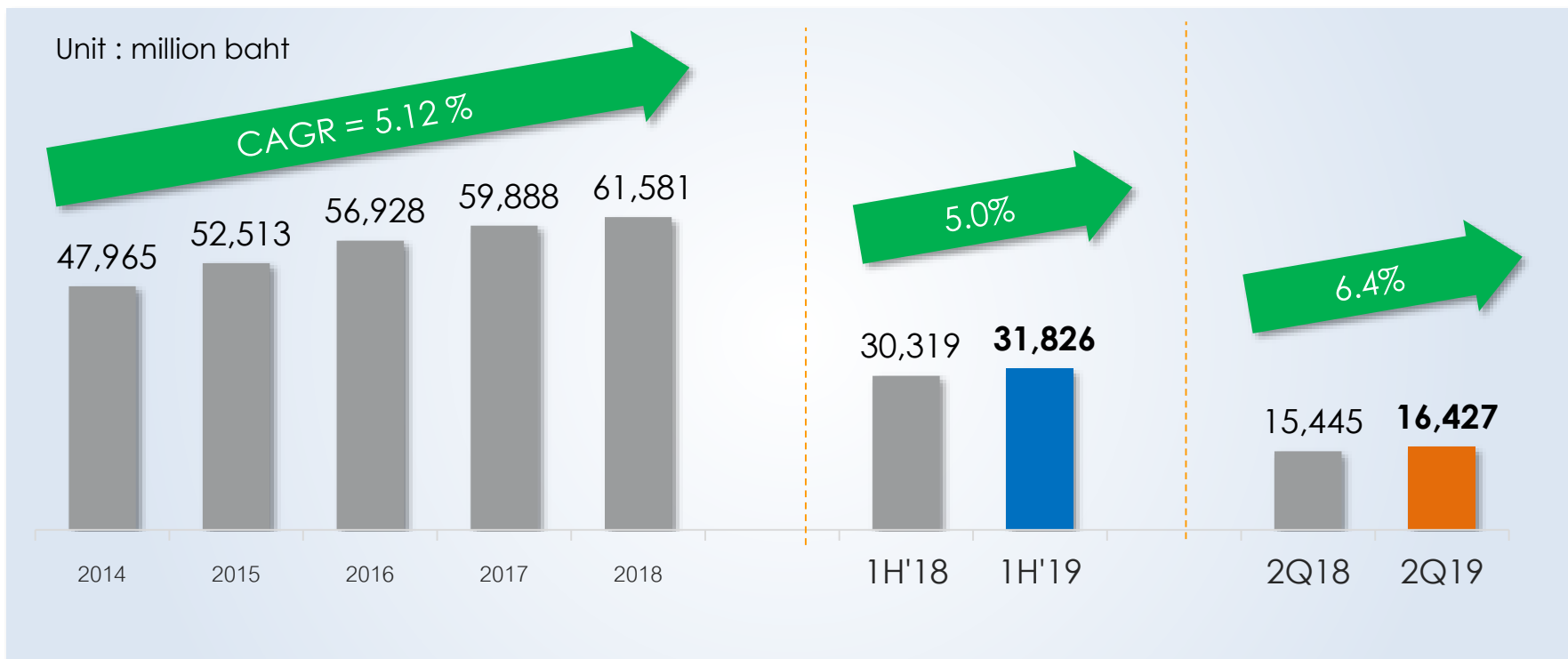
	1H'2018 Before		Reclassification		1H'2018 After Adoption IFRS15		Remark
Sales	30,319.39	100.0%			30,319.39	100.0%	
Rental and Service Income	943.89	3.1%	206.47	0.7%	1,150.35	3.8%	Home Service income reclassify from other income
Other Income	1,101.77	3.6%	(206.47)	0.7%	895.31	3.0%	
Total Revenue	32,365.05	106.7%			32,365.05	106.7%	
Cost of sales	22,159.83	73.1%	284.99	0.9%	22,444.82	74.0%	Logistic cost reclassify from SG&A
Gross profit %	26.91		(0.94)		25.97		
Cost of rental and service	-		699.00	2.3%	699.00	2.3%	Expenses related to rental business and home service reclassify from SG&A
Selling and service expenses	5,950.46	19.6%	(1,019.33)	(3.4%)	4,931.13	16.3%	
Administrative expenses	906.70	3.0%	35.33	0.1%	942.03	3.1%	Inventory reserve reclassify from SG&A
Other expenses	1.63	0.0%			1.63	0.0%	
Total Expense	6,858.78	22.6%	(284.99)	(0.9%)	6,573.79	21.7%	

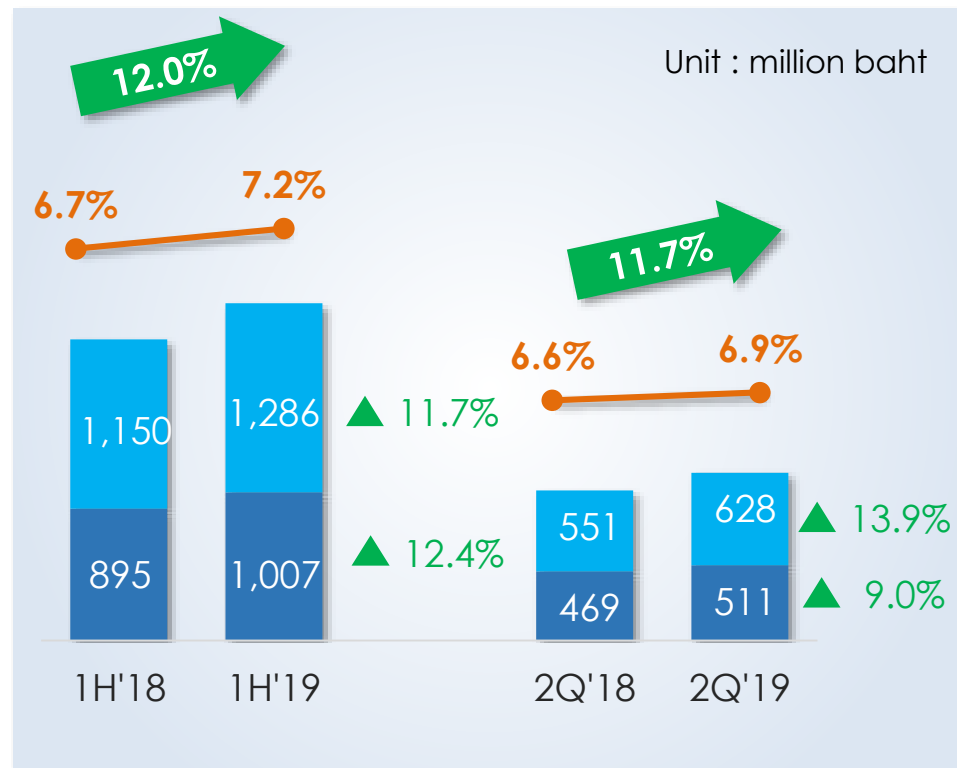
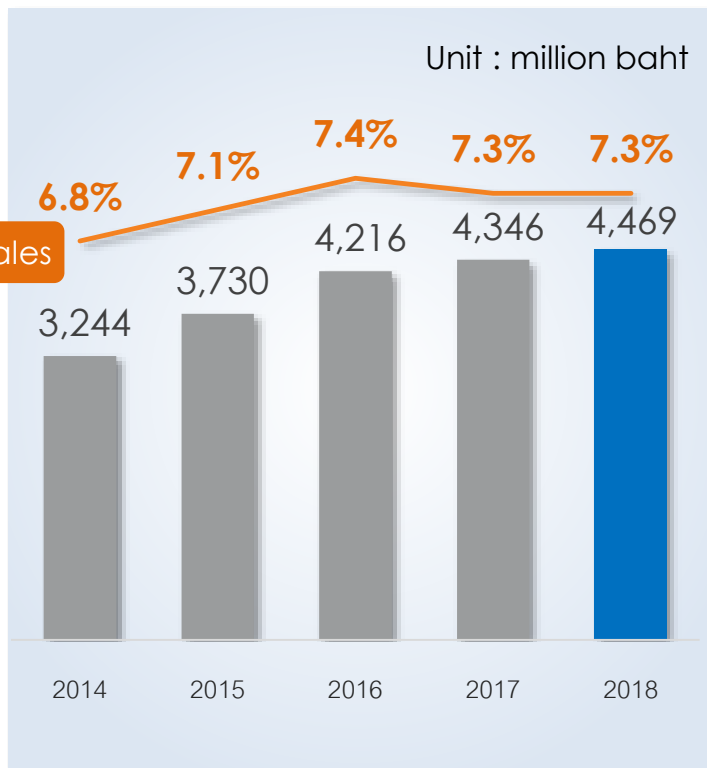
Unit : MB

	1H'19	% of sales	1H'18	% of sales	Var	% change
Sales	31,826.3	100.0%	30,319.4	100.00%	1,506.9	5.0%
Rental and Service Income	1,285.5	4.0%	1,150.4	3.79%	135.2	11.7%
Other Income	1,006.6	3.2%	895.3	2.95%	111.3	12.4%
Total Revenue	34,118.4	107.2%	32,365.1	106.75%	1,753.4	5.4%
Cost of sales	23,455.2	73.7%	22,444.8	74.03%	1,010.4	4.5%
Gross profit	8,371.1	26.3%	7,874.6	25.97%	496.5	6.3%
Cost of Rental and Service	785.1	2.5%	699.0	2.31%	86.1	12.3%
Total Expenses	6,035.3	19.0%	5,874.8	19.38%	160.5	2.7%
EBIT	3,842.8	12.1%	3,346.4	11.04%	496.4	14.8%
Finance Cost	215.8	0.7%	196.3	0.65%	19.5	9.9%
Tax	680.6	2.1%	589.1	1.94%	91.5	15.5%
Net Profit	2,946.5	9.3%	2,561.0	8.45%	385.4	15.0%

Depreciation	1,441.3	4.5%	1,518.4	5.0%	(77.0)	(5.1%)
EBITDA	5,284.2	16.6%	4,864.8	16.0%	419.4	8.6%

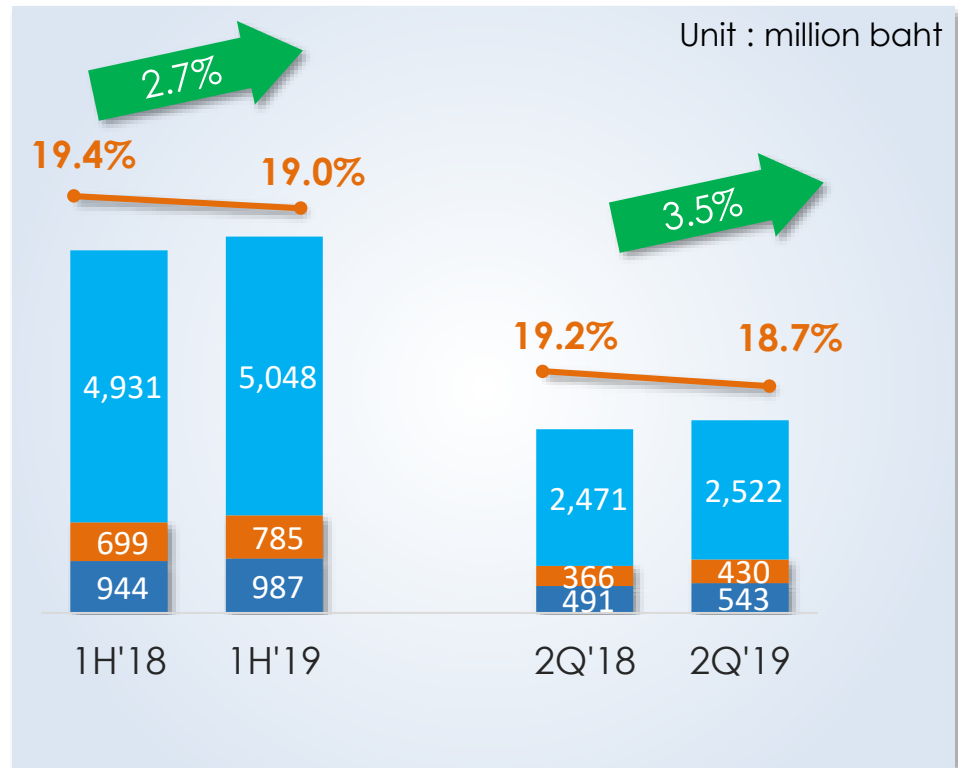
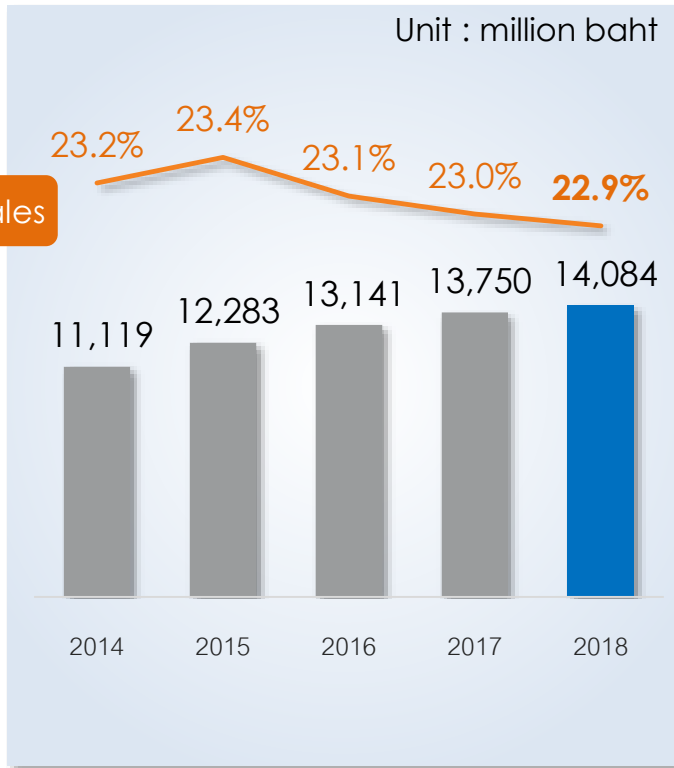
Sustainable Sales Growth





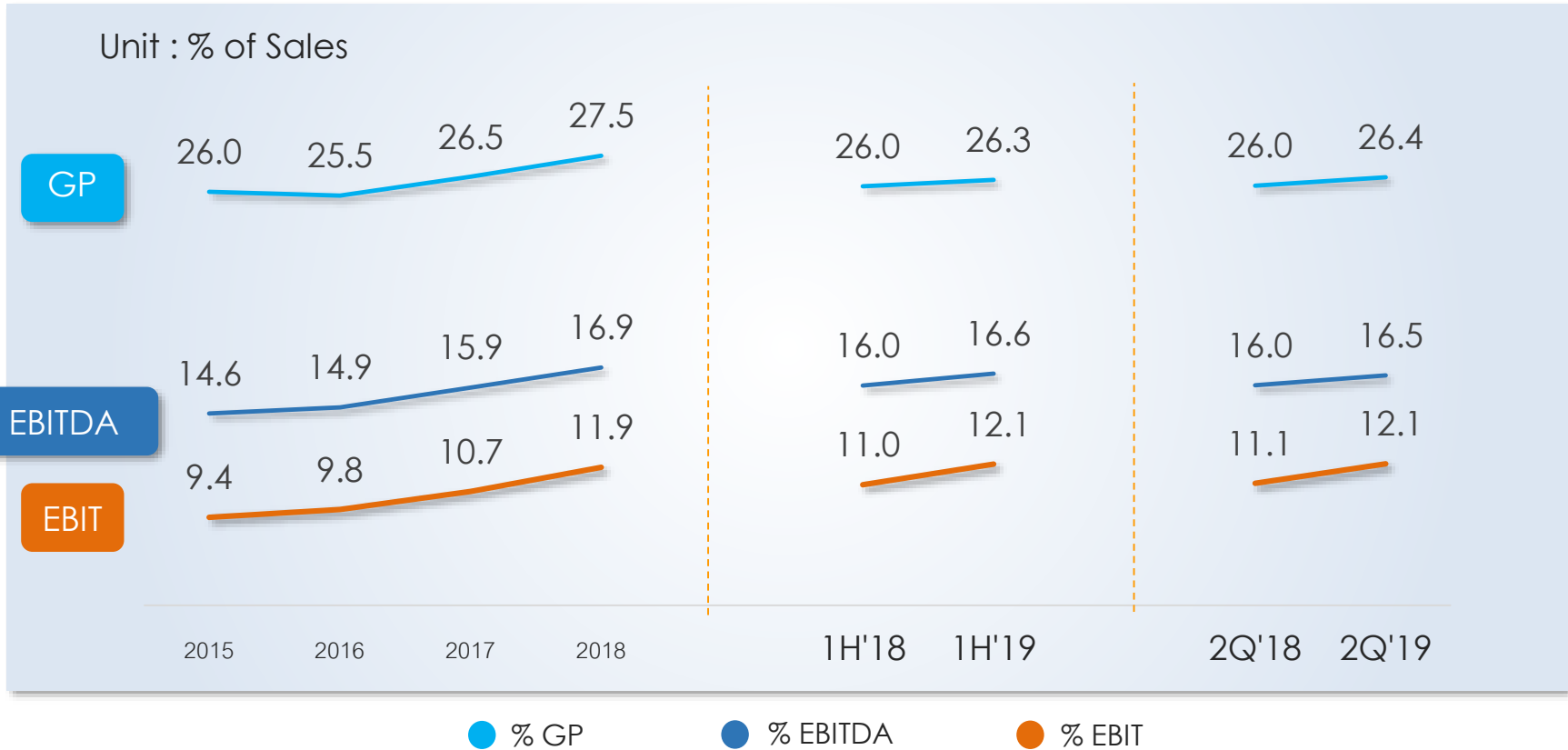
● Rent & Service ● Others ● % to Sales

- Rental and service income was up from higher rental income from Market Village and leasable areas of HomePro's stores.
- Other income was up due to the increase of in-store promotional activity, interest received, and miscellaneous income.

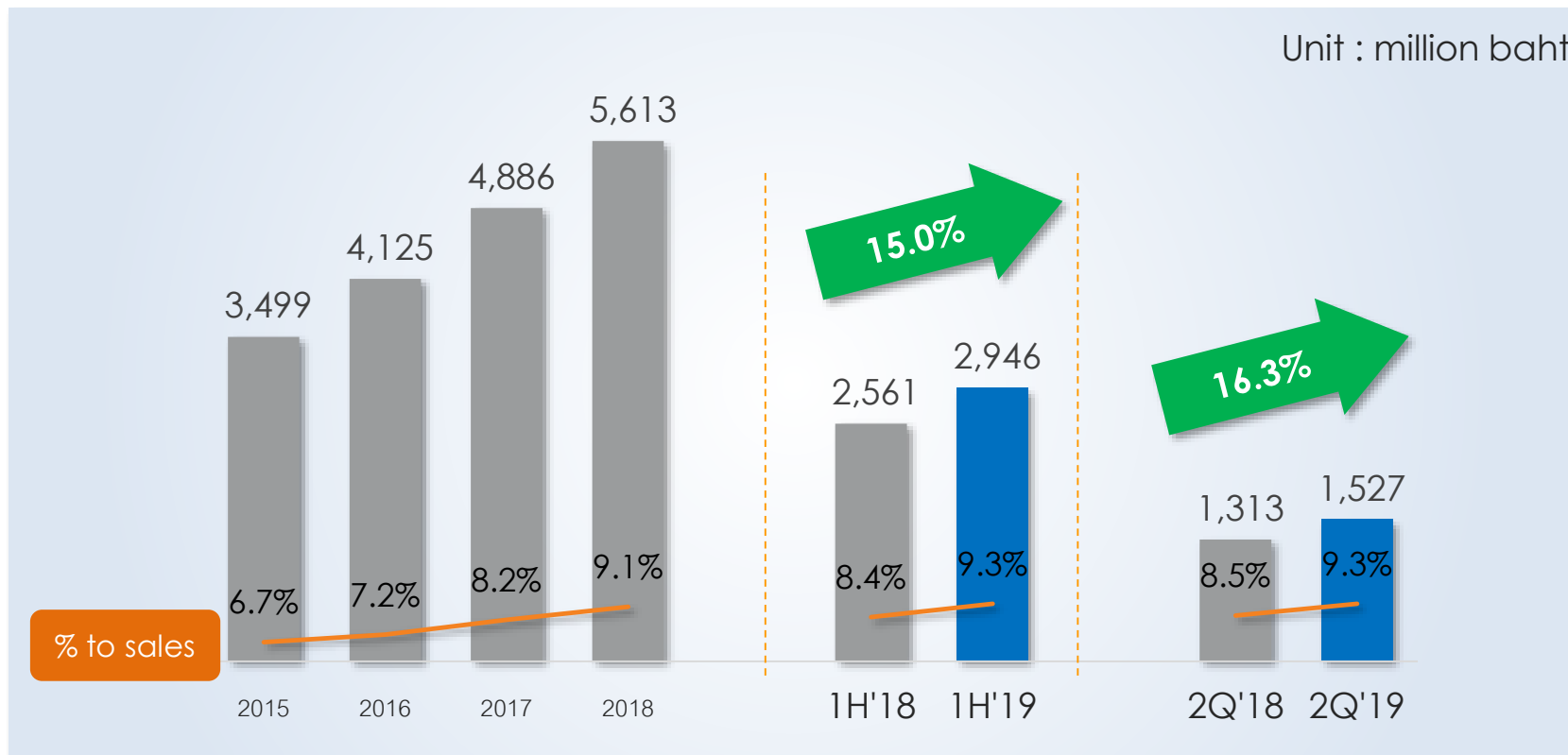


● Sales Related
 ● Rental and Home Service related
 ● Admin Expense
 ● % to Sales

The amount increases were mainly driven by the rise in personnel expenses, rental cost, maintenance cost, and marketing expense. However, SG&A as a percentage of sales has marginally improved, resulting in the decrease from 19.38% in the previous year to 18.96%.



Despite the higher cost of transportation due to increasing fuel prices, gross profit margin as a percentage of sales has increased from 25.97% in previous year to 26.30% due to change in product sales mix of general merchandise and the enhancement of directly sourced private-label goods' profit margin, as well as the continuous efficiency improvement in product purchase planning of HomePro, Mega Home, and HomePro in Malaysia.



FY	2015	2016	2017	2018
EPS	0.27	0.31	0.37	0.43

1H'18	1H'19
0.19	0.22

2Q'18	2Q'19
0.10	0.12

NPAT grew by 16.3% and NPAT as a percentage of sales increased from 8.5% in 2Q'18 to 9.3% in 2Q'19. Earnings per share (**EPS**) were Baht 0.12 in Q2'19, up 16.3% YoY.

Balance Sheet at a glance

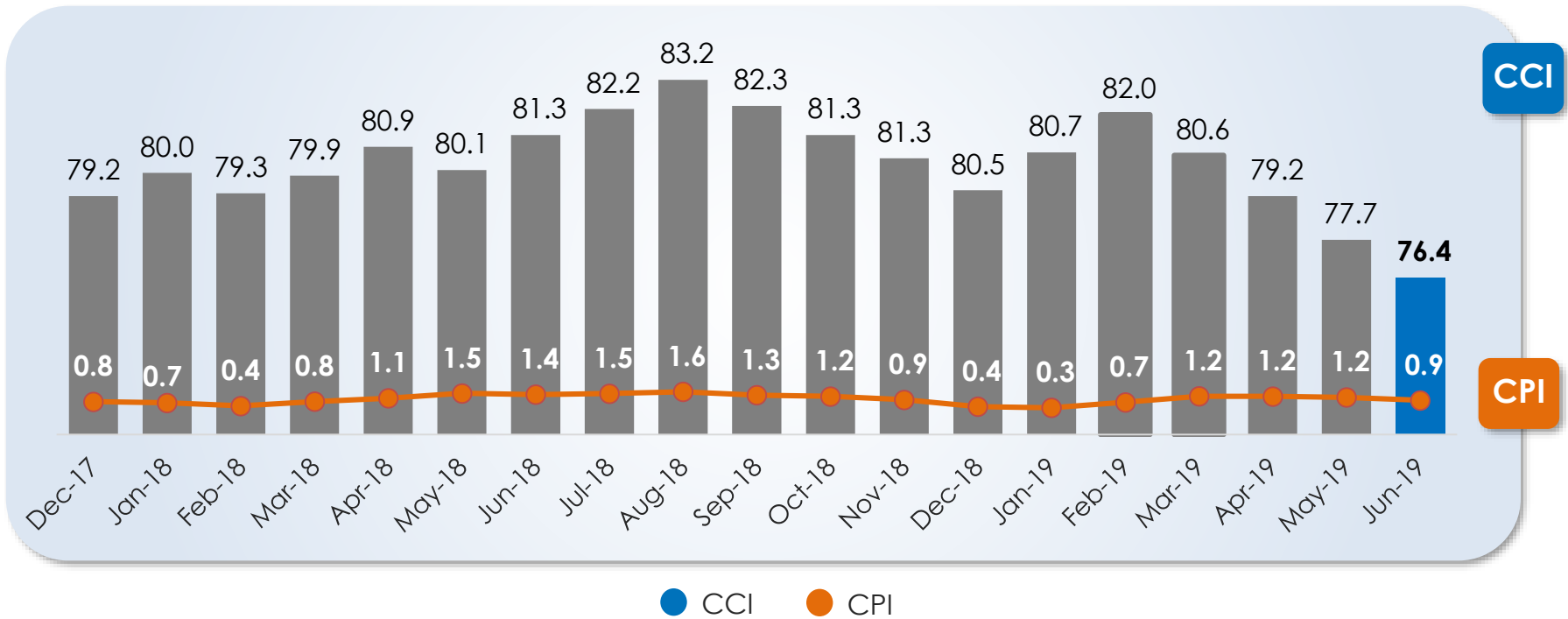
Unit : million baht

	30 June 2019	31 Dec 2018	Var	% change
Cash & Deposit	6,730.46	6,237.75	492.71	7.90%
Inventory	10,298.03	10,245.45	52.58	0.51%
Land Building & Equipment	35,084.16	35,398.78	(314.62)	(0.89%)
Others	2,856.97	2,929.37	(72.40)	(2.47%)
Total Assets	54,969.61	54,811.36	158.25	0.29%
Financial Debt	17,084.31	17,262.22	(177.91)	(1.03%)
Account Payable	14,397.69	14,370.53	27.16	0.19%
Others	3,259.02	3,264.51	(5.49)	(0.17%)
Total Liabilities	34,741.02	34,897.26	(156.24)	(0.45%)
Paid-Up Capital	13,151.20	13,151.20	-	-
Share Premium	646.32	646.32	-	-
Retain Earnings	6,431.07	6,116.58	314.49	5.14%
Total Equities	20,228.59	19,914.10	314.49	1.58%



Agenda

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Consumer confidence slumped to a 21-month low. The index fell for the four straight month to 76.4 last month in June, the lowest level since October 2017, from 77.7 in May. Consumers were concerned about local political uncertainty and the likelihood of instability of the next government, impact of mounting trade war between China and the US, and the impact of Brexit. Furthermore, the decline also reflected the concerns on low crop product prices as well as the slow recovery of Thai economy and purchasing power.



Margin expansion through Private Label



Over **36** Private Brands



Quality **and** worthiness



Over **3,000** items



Continuous **development**



2019 Store Expansion Plan



2019 New stores

2

1

2

1H	Charansanitwong	17 May	-	-	-
	Upcountry	-	-	-	-
2H	Samyang Mitrtown	-	1	-	-
	Mukdahan	1	-	-	-
	Upcountry	-	-	2	-

*Excluding Store Relocation of Fashion Island Branch

Our stores in 2019

Total (stores)	84	9	14	6
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HomePro Fair #4

19-29 July

Up to
70%
Off

A 11-day long exhibition, Come visit and join our activities, special shows, and food truck .



HomePro Rainy Sale

24 Jun - 28 Aug

- Save up to 1,000 Baht discount for exchanging old product
- Free Mini Washing Machine (1,990 THB)



Q & A

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