

HOMEPRO BUILDS ON SUCCESSFUL STRATEGY

EXECUTIVE Q&A

SHAREINVESTOR



Work is in progress for the opening of HomePro's first overseas branch in Malaysia, says Mr Khunawut.

Home Product Center Plc was established on June 27, 1995 with initial registered capital of 150 million baht, founded by the property developer Land and Houses Plc. The company was listed on the Stock Exchange of Thailand on Oct 30, 2001 and trades under the symbol HMPRO. It was established with the objective of operating a retail business by selling home-related goods and providing a complete range of services related to construction, addition, renovation of buildings, houses and residences under the trade name HomePro. Managing director Khunawut Thumpomkul discusses the company's strategy and outlook.

What is HomePro's business model?

We strive to be the leading home improvement retailer in Thailand with the largest store network and the right product offerings to meet our customers' needs.

What types of products does HomePro offer?

HomePro offers a wide range of home-related products as well as services. Our product range includes tools, plumbing, painting and gardening supplies, outdoor living, bathroom accessories, sanitaryware, ceramic tiles, kitchens, lighting, home appliances and audio-visual equipment, furniture, home textiles, bedding and housewares. Our

home services include design, installation, maintenance, improvement and repair services.

How many outlets does HomePro have today?

We now have 45, of which 19 are located in Bangkok and another 26 upcountry.

Will HomePro look to expand more upcountry?

We will, since last year, most of our new store expansions took place in the provinces.

Who are HomePro's target customers?

We target homeowners who are end users of our products, from the middle income group.

Will HomePro look at expanding overseas?

We are currently working on opening our first overseas branch in Malaysia.

How does HomePro manage its inventory?

As we own our own distribution centre, we are able to manage stock by configuring our merchandising planning around both international and private brands, regardless of whether these are imported or domestically sourced.

What differentiates HomePro from its competitors?

First, we offer products from both international brands and private labels as well as selected in-house brands for certain products to give our customers a better product mix and a range of quality to choose from. We are very focused on homeowners who are the end users of our products, thereby enabling us to monitor consumer trends and patterns more closely.

We also offer a one-stop shop for our customers through our in-house services including interior design and decoration, installation, home maintenance as well as home repairs.

How do you see the home retail market in Thailand today? Where are the potential growth areas?

We continue to see good growth in the home improvement market, which is currently slightly above the GDP growth rate — industry growth is 5-10% against GDP growth of 3-4%. Part of this is a result of customers becoming more sophisticated and more urbanised, resulting in their lifestyles changing with better incomes. As well, their shopping behaviour has changed and they shop more in modern trade outlets as these retailers can offer a convenient, standardised sales and return policy and better services with a convenient

payment mode.

What are the biggest risks affecting your business today?

Externally, we are concerned with an economic crisis in Thailand, which is unlikely to happen in the current environment. We are not that concerned with political risks. Like every company, we are mindful of how to recruit and retain enough capable employees to cope with our growth as we're in a service-minded industry where the quality of the entire organisation plays an important part in our growth strategy.

How was HomePro affected by the floods?

There was some damage at our distribution centre and also disruption to our supply chain due to the closure of our distribution centre and some stores within the flooded areas. Also some vendors' factories were flooded, resulting in a temporary shortage of supply, but everything has since resumed to normal.

Where do you expect to see HomePro in five years from now?

We will strive to expand on our leadership as a home improvement retailer not only in Thailand but also in Southeast Asia.

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