

Retail

Private Brands To Drive Home Improvement Retail Earnings In 3Q26

Highlights

- We expect the home improvement retail segment's 3Q26 earnings to rise 7% yoy, driven by an increase in its store count and strong gross margin expansion on the back of higher contribution from private brands.
- GLOBAL is expected to outperform its peers due to better SG&A control, lower interest expenses and higher equity income.
- Maintain OVERWEIGHT on the home improvement retail segment and MARKET WEIGHT on the retail sector, with GLOBAL as our top pick in the home improvement retail segment.

Home Improvement Retail Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy	qoq	2025	2026F	yoy
Net profit								
DOHOME	102	305	112	9.5%	-63.4%	601	798	32.8%
GLOBAL	392	955	500	27.5%	-47.7%	1,964	2,639	34.4%
HMPRO	1,304	1,594	1,317	1.0%	-17.4%	6,011	5,898	-1.9%
Sector	1,798	2,855	1,928	7.3%	-32.5%	8,576	9,335	8.8%
SSSG								
DOHOME	-11.0	1.8	5.0	16.0	3.2	-7.5	1.5	9.0
GLOBAL	-0.9	-4.0	-5.7	-4.8	-1.7	-6.0	-1.5	4.5
HMPRO	-4.5	-0.6	-2.2	2.4	-1.5	-5.6	-3.4	2.3
Sector	-5.5	-0.9	-1.0	4.52	0.0	-6.4	-1.1	5.3
Gross margin (%)								
DOHOME	17.7	19.8	17.1	-0.6	-2.7	17.4	17.8	0.4
GLOBAL	26.5	31.6	27.8	1.3	-3.8	25.8	27.9	2.1
HMPRO	27.7	28.5	28.0	0.3	-0.5	27.6	28.4	0.8
Sector	25.0	27.2	25.3	0.38	-1.9	24.8	25.8	0.9
SG&A-to-sales (%)								
DOHOME	15.6	14.8	15.3	-0.4	0.4	-14.5	14.5	29.0
GLOBAL	22.1	20.7	22.5	0.4	1.8	20.5	20.5	0.0
HMPRO	20.5	20.0	20.8	0.3	0.8	19.6	20.8	1.2
Sector	19.8	19.0	19.9	0.1	0.9	18.7	19.3	0.6

Source: Respective companies, UOB Kay Hian

Analysis

- 3Q26 earnings forecasts.** We expect the home improvement retail segment to report 3Q26 earnings of Bt1.9b (+7% yoy, -33% qoq), driven by: a) 2.4% sales growth from an increase in its store count, despite a 1% yoy decline in SSSG; b) 40bp gross margin expansion to 24.8%; and c) a 10bp increase in SG&A-to-sales to 19.9%. Earnings growth is expected to moderate from 2Q26 as the benefits from low-cost inventory will start to fade from 3Q26 onwards. However, gross margin expansion will remain the key earnings driver in 3Q26, with all stocks under our coverage increasing their private-label sales mix.

Peer Comparison

Ticker	Rec	Price 9 Oct 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Net Profit 2026F (Btm)	2027F (Btm)	PE 2026F (x)	2027F (x)	Net EPS Growth 2026F (%)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (US\$m)	Price/ NAV ps (x)
DOHOME TB	BUY	3.50	4.50	28.6	774	783	15.3	15.1	28.7	0.2	5.6	355	0.8
GLOBAL TB	BUY	5.55	9.00	37.4	2,639	2,647	13.4	13.4	34.4	3.7	9.9	1,059	1.3
HMPRO TB	BUY	6.40	8.00	25.0	5,898	6,197	14.3	13.6	(1.9)	5.8	22.2	2,520	3.1
Avg					9,311	9,627	14.1	13.6	8.6	4.8	17.4	3,934	2.4

Source: Bloomberg, UOB Kay Hian

Analyst(s)

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MARKET WEIGHT (Maintained)

Segmental Rating

Segment	Rating
Grocery Retail	MARKETWEIGHT (Maintained)
Home Improvement Retail	OVERWEIGHT (Maintained)
Lifestyle Retail	OVERWEIGHT (Maintained)

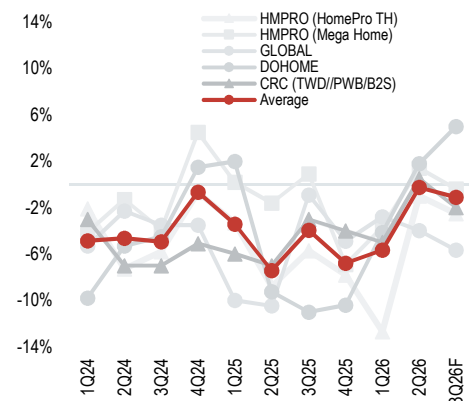
Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Siam Global House	GLOBAL TB	BUY	5.55	9.00

Source: Bloomberg, UOB Kay Hian

Same-store Sales Growth



Source: Respective Companies, UOB Kay Hian

Same-store Sales Growth

Year to 31 Dec (Btm)	4Q25	1Q26	2Q26	3Q26F
HMPRO (HomePro TH)	-7.8%	-12.7%	-1.0%	-2.5%
HMPRO (Mega Home)	-6.9%	-3.7%	1.4%	-0.4%
GLOBAL	-4.9%	-2.8%	-4.0%	-5.7%
DOHOME	-10.4%	-4.1%	1.8%	5.0%
CRC (TWD//PWB/B2S)	-4.0%	-5.0%	0.5%	-2.0%
Average	-6.8%	-5.7%	-0.3%	-1.1%

Source: Respective Companies, UOB Kay Hian

- **GLOBAL has the strongest earnings among its peers.** We expect Siam Global House's (GLOBAL) 3Q26 earnings to increase 27% yoy. GLOBAL is expected to outperform its peers for three key reasons: a) better SG&A control than peers through fewer promotions and improved distribution cost management; b) lower interest expenses following debt repayment and a stronger balance sheet; and c) higher equity income, supported by strong operating performance in Myanmar.
- **4Q26 earnings are expected to improve.** We expect earnings to improve, driven by gross margin expansion from a higher private-label product mix and a recovery in post-flood demand, with SSSG improving significantly in early-Oct 26. Lower interest expenses should provide additional support, as GLOBAL and Do home (DOHOME) are expected to reduce net D/E, while Home Product Center (HMPRO) focuses on debt reduction and enhancing shareholder returns through a higher dividend payout and share repurchases.

Valuation/Recommendation

- **Maintain OVERWEIGHT on the home improvement retail segment and MARKET WEIGHT on the retail sector.** We maintain our OVERWEIGHT rating on the home improvement retail segment. We expect earnings to continue growing yoy in 2H26, supported by gross margin expansion and lower interest expenses, which should more than offset weaker SSSG.
- **GLOBAL remains our top pick in the home improvement retail segment.** We continue to prefer GLOBAL due to: a) its improving capital management, with net D/E declining to 0.26x, b) effective cost control, and c) a higher private-brand contribution, supporting margin expansion.

Sector Catalyst/Risk

- **Catalysts:** a) gross margin expansion, and b) lower interest expenses.

Essential

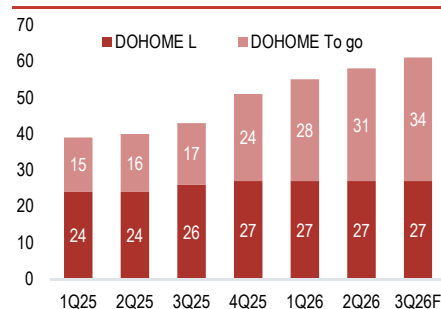
DOHOME Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Sales and services	6,753	7,794	7,394	9.5	(5.1)	29,110	29,998	3.0
Gross profit	1,194	1,541	1,264	5.9	(17.9)	5,056	5,340	5.6
SG&A	(1,056)	(1,154)	(1,128)	6.8	(2.3)	(4,214)	(4,347)	3.1
EBIT	219	442	207	(5.6)	(53.2)	1,140	1,297	13.8
Interest expense	(101)	(76)	(76)	(24.5)	0.0	(431)	(340)	(21.0)
Net profit	102	305	112	9.5	(63.4)	601	798	32.8
Percent	3Q25	2Q26	3Q26F	(ppt)	(ppts)	2025	2026F	(ppts)
SSSG	(11.0)	1.8	5.0	16.0	3.2	(7.5)	1.5	9.0
Gross margin	17.7	19.8	17.1	(0.6)	(2.7)	17.4	17.8	0.4
SG&A to sales	15.6	14.8	15.3	(0.4)	0.4	(14.5)	14.5	29.0
Net profit margin	1.5	3.9	1.5	0.0	(2.4)	2.1	2.7	0.6

Source: Dohome, UOB Kay Hian

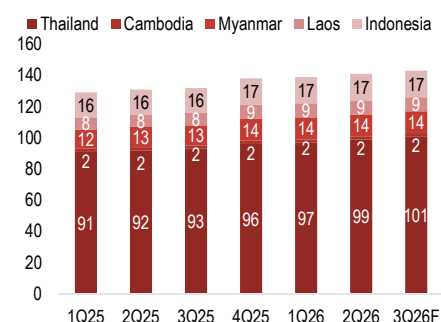
- **DOHOME.** We expect 3Q26 earnings of Bt112m, up 10% yoy but down 63% qoq. Key drivers include: a) 5% yoy SSSG growth, supported by a low base due to steel shortages in 3Q25; b) lower SG&A-to-sales; and c) lower interest expenses yoy. These factors will be partly offset by a weaker gross margin due to a higher wholesale sales mix and softer steel margins. 9M26 earnings accounted for 84% of our 2026 forecast, compared with 84% in 9M25. We expect earnings to improve yoy in 4Q26, driven by strong gross margin expansion from a higher private-label product mix and a low base in 4Q25.

DOHOME Stores



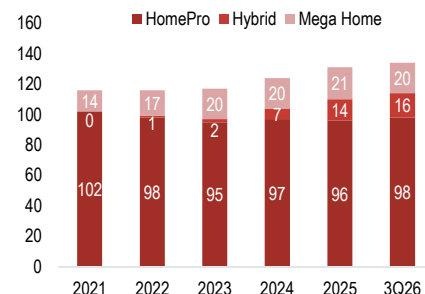
Source: Do home, UOB Kay Hian

GLOBAL Stores



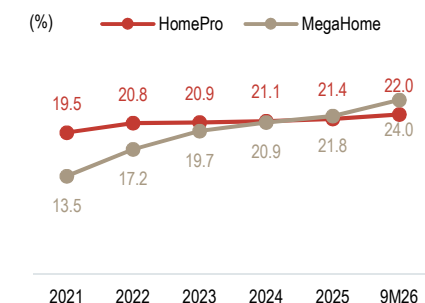
Source: Siam Global House, UOB Kay Hian

HMPRO Stores



Source: Home Product Center, UOB Kay Hian

HMPRO Direct Sourcing Sales Mix



Source: Home Product Center, UOB Kay Hian

GLOBAL Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Sales and services	7,416	8,171	7,342	(1.0)	(10.1)	31,601	31,737	0.4
Gross profit	1,965	2,581	2,041	3.9	(20.9)	8,159	8,851	8.5
SG&A	(1,637)	(1,688)	(1,652)	0.9	(2.1)	(6,479)	(6,506)	0.4
EBIT	473	1,026	531	12.1	(48.3)	2,324	2,932	26.2
Interest expense	(59)	(30)	(32)	(46.1)	6.7	(236)	(131)	(44.5)
Equity income	29	105	64	120.0	(39.0)	154	248	61.0
Net profit	392	955	500	27.5	(47.7)	1,964	2,639	34.4
Assumptions (%)	3Q25	2Q26	3Q26F	(ppt)	(ppts)	2025	2026F	(ppts)
SSSG	(0.9)	(4.0)	(5.7)	(4.8)	(1.7)	(6.0)	(2.0)	4.0
Gross margin	26.5	31.6	27.8	1.30	(3.8)	25.8	27.9	2.1
SG&A to sales	22.1	20.7	22.5	0.43	1.8	(20.5)	(20.5)	0.0
Net profit margin	5.3	11.7	6.8	1.5	(4.9)	6.2	8.3	2.1

Source: Siam Global House, UOB Kay Hian

- GLOBAL.** We forecast 3Q26 net profit of Bt500m (+27% yoy, -48% qoq), driven by: a) a slight decline in revenue, with SSSG of -6% yoy; b) the addition of three new branches in 3Q26; c) strong gross margin expansion of 130bp yoy to 27.8%, supported by a higher sales mix and gross margin of house-brand products; d) a 40bp yoy increase in SG&A-to-sales to 22.5%, reflecting fewer promotions and tighter control of distribution expenses; e) low and stable interest expenses qoq, down 46% yoy; and f) higher equity income from business expansion in Myanmar. Our 9M26 earnings estimate accounts for 86% of our 2026 forecast, compared with 78% in 9M25, suggesting 4-5% upside to our full-year earnings forecast. With the contribution from house-brand products continuing to increase, we expect strong gross margins to remain a key driver of earnings growth in 4Q26. The stock currently trades at only 13.4x PE.

HMPRO Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Sales and services	16,100	17,403	16,261	1.0	(6.6)	67,888	67,311	(0.8)
Gross profit	4,459	4,964	4,550	2.0	(8.3)	18,736	19,083	1.9
SG&A	(3,293)	(3,487)	(3,382)	2.7	(3.0)	(13,318)	(14,001)	5.1
EBIT	1,782	2,129	1,784	0.1	(16.2)	8,100	7,891	(2.6)
Interest expense	(182)	(164)	(167)	(8.2)	2.0	(711)	(639)	(10.1)
Net profit	1,304	1,594	1,317	1.0	(17.4)	6,011	5,898	(1.9)
Assumptions (%)	3Q25	2Q26	3Q26F	(ppts)	(ppts)	2025	2026	(ppts)
SSSG	(4.5)	(0.6)	(2.2)	2.4	(1.5)	(5.6)	(3.4)	2.3
Gross margin	27.7	28.5	28.0	0.3	(0.5)	27.6	28.4	0.8
SG&A to sales	20.5	20.0	20.8	0.3	0.8	19.6	20.8	1.2
Net profit margin	8.1	9.2	8.1	0.0	(1.1)	8.9	8.8	(0.1)

Source: Home Product Center, UOB Kay Hian

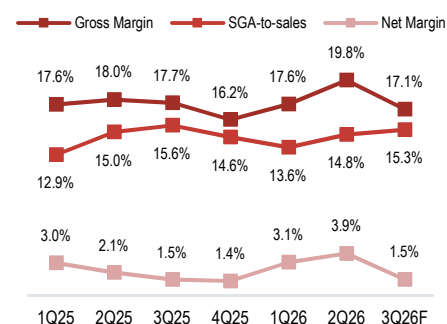
- HMPRO.** We forecast HMPRO's 3Q26 net profit at Bt1.3b (+1% yoy, -17% qoq), supported by: a) a 1% yoy increase in sales, with SSSG of -2.5% for HomePro, flat for Mega Home, and -5% for Malaysia; b) a 30bp yoy expansion in gross margin to 28.0%, driven by a higher contribution from private-label products at both HomePro and Mega Home; c) a 30bp yoy increase in SG&A-to-sales to 20.8%, due to slower sales growth and higher fixed costs from new stores; and d) a slight 2% qoq increase in interest expenses. Our 9M26 earnings forecast accounts for 73% of our 2026 estimate, compared with 73% in 9M25. We expect operating performance to improve in 4Q26. SSSG recovered in the first week of September, supported by stronger demand following the floods. In addition, the low base in 4Q25 (SSSG: -9% yoy) should support growth. We preliminarily expect earnings to grow both yoy and qoq in 4Q26. At the current share price, the stock trades at 14.3x 2026F PE, with a 6% dividend yield.

Same-store Sales Growth

Year to 31 Dec (Btm)	4Q25	1Q26	2Q26	3Q26F
HMPRO (HomePro TH)	-7.8%	-12.7%	-1.0%	-2.5%
HMPRO (Mega Home)	-6.9%	-3.7%	1.4%	-0.4%
GLOBAL	-4.9%	-2.8%	-4.0%	-5.7%
DOHOME	-10.4%	-4.1%	1.8%	5.0%
CRC (TWD//PWB/B2S)	-4.0%	-5.0%	0.5%	-2.0%
Average	-6.8%	-5.7%	-0.3%	-1.1%

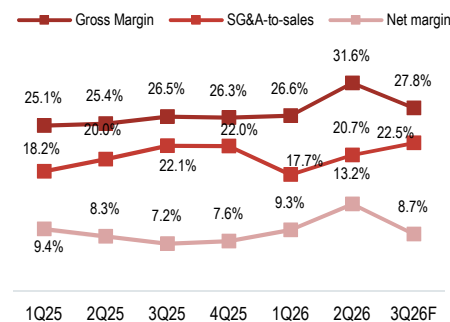
Source: Respective Companies, UOB Kay Hian

DOHOME Profitability



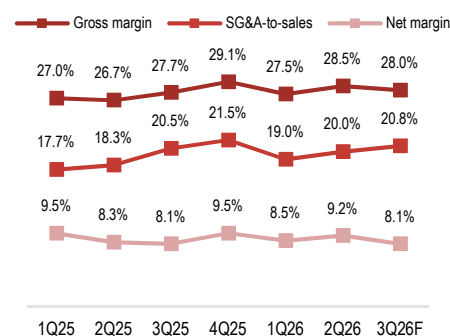
Source: Do home., UOB Kay Hian

GLOBAL Profitability



Source: Siam Global House, UOB Kay Hian

HMPRO Profitability



Source: Home Product Center, UOB Kay Hian

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