# Retail

## Home Improvement Retail Earnings To Surge In 2Q26

**MARKET WEIGHT**
(Maintained)

**Analyst(s)**
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## Highlights

- We expect 2Q26 earnings for the home Improvement retail segment to rise 25% yoy, driven by improving SSSG, gross margin expansion and lower interest expenses.
- Upgrade DOHOME to BUY with a target price of Bt4.50 (from Bt3.60). We expect DOHOME to be the only retailer to deliver positive SSSG in 3Q26.
- Maintain MARKET WEIGHT on the retail sector and OVERWEIGHT on the home improvement retail segment. Our top pick is GLOBAL.

**2Q26 Earnings Forecast**

| Year to 31 Dec (Btm) | 2Q25 | 1Q26 | 2Q26 | yoy | qoq | 2024 | 2025F | yoy |
|---|---|---|---|---|---|---|---|---|
| DOHOME | 157 | 251 | 280 | 77.9% | 11.5% | 601 | 774 | 29% |
| GLOBAL | 520 | 803 | 730 | 40.3% | -9.0% | 1,964 | 2,415 | 23% |
| HMPRO | 1,399 | 1,404 | 1,576 | 12.7% | 12.3% | 6,011 | 5,854 | -3% |
| Total | 2,076 | 2,457 | 2,586 | 24.6% | 5.2% | 8,576 | 9,042 | 5.4% |

*Source: Respective companies, UOB Kay Hian*

## Analysis

- **Earnings to surge.** We expect 2Q26 earnings for the home Improvement retail segment to reach Bt2.59b, up 25% yoy and 5% qoq, driven by: a) improving SSSG, b) gross margin expansion, and c) lower interest expenses. DOHOME is expected to deliver the strongest earnings growth at 78% yoy, supported by the low base in 2Q25. GLOBAL's earnings are forecast to rise 40% yoy, driven by stronger gross margins and lower interest expenses. HMPRO is expected to post the slowest earnings growth, reflecting a more modest gross margin expansion.
- **Impressive margin expansion.** We expect the home Improvement segment's 2Q26 gross margin to expand 171bp yoy to 25.8% (2Q25: 24.1%, 1Q26: 24.9%), driven by: a) higher selling prices while benefitting from lower-cost inventory, and b) a higher private-brand sales mix. For all three retailers, gross margin peaked in Apr 26 before easing in May-Jun 26, but remained above pre-Hormuz closure levels. Meanwhile, SG&A-to-sales is expected to increase 40bp yoy to 18.7% (2Q25: 18.3%, 1Q26: 17.7%), mainly due to higher depreciation from store expansion and higher diesel prices. Interest expenses are expected to decline yoy and qoq across all three retailers.
- **DOHOME to outperform on SSSG.** We expect DOHOME's 2Q26 SSSG to outperform peers at 2.5% yoy (peers: 0.2% yoy). Stronger sales momentum in its wholesale business, supported by the low base from the steel shortage in 2Q25, is expected to be the key driver of its SSSG outperformance.
- **Higher private-brand contribution at HMPRO and GLOBAL.** We expect HMPRO and GLOBAL to report a higher private-brand sales mix following product price increases, supporting a yoy gross margin expansion in 2Q26. In contrast, DOHOME is expected to report a lower private-brand contribution, as wholesale sales are likely to account for a larger share of revenue.

**Segmental Rating**

| Segment | Rating |
|---|---|
| Grocery retail | MARKET WEIGHT (Maintained) |
| Home improvement retail | OVERWEIGHT (Maintained)) |
| Lifestyle retail | OVERWEIGHT (Maintained) |

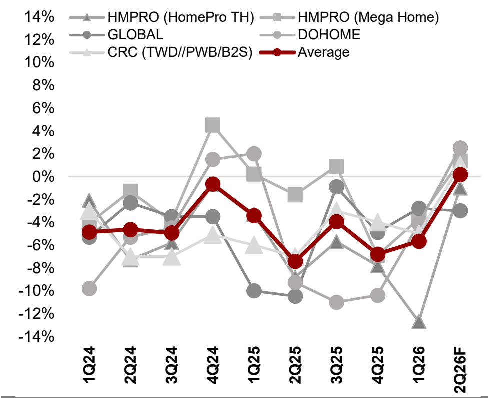
*Source: UOB Kay Hian*

**Sector Picks**

| Company | Ticker | Rec | Share Price (Bt) | Target Price (Bt) |
|---|---|---|---|---|
| Global House | GLOBAL TB | BUY | 7.40 | 8.50 |

*Source: Bloomberg, UOB Kay Hian*

**Sector Same-store Sales Growth**




*Source:, UOB Kay Hian*

**Peer Comparison**

| Company | Rec | Price 13 Jul 26 (Bt) | Target Price (Bt) | Upside Downside (%) | Market Cap (US$m) | --------- Net Profit --------- 2026F (Btm) | 2027F (Bt m) | -------------- PE -------------- 2026F (x) | 2027F (x) | Net EPS Growth 2026F (%) | P/B 2026F (x) | Yield 2026F (%) | ROE 2026F (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DOHOME TB | BUY | 3.84 | 4.50 | 17.2 | 389 | 774 | 783 | 16.8 | 16.6 | 28.7 | 0.9 | 0.2 | 5.6 |
| GLOBAL TB | BUY | 7.40 | 8.50 | 14.9 | 1,197 | 2,415 | 2,518 | 16.6 | 15.9 | 23.0 | 1.5 | 3.0 | 9.1 |
| HMPRO TB | BUY | 6.55 | 8.00 | 22.1 | 2,579 | 5,854 | 6,119 | 14.7 | 14.1 | (2.6) | 3.2 | 5.6 | 22.0 |
| Average | | | | | 4,165 | 9,042 | 9,420 | 15.4 | 14.8 | 7.7 | 2.5 | 4.4 | 16.8 |

*Source: UOB Kay Hian*

## 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.
- **Upgrade DOHOME to BUY with a target price of Bt4.50 (from Bt3.60).** We upgrade DOHOME to BUY and raise our target price to Bt4.50 (from Bt3.60) to reflect our earnings upgrade. We expect DOHOME to be the only retailer to deliver positive SSSG in 3Q26, supported by continued strength in its wholesale business.
- **GLOBAL remains our top pick for the home improvement retail segment.** We raise GLOBAL's target price to Bt8.50 (from Bt7.40) to reflect our earnings revision. Although GLOBAL's earnings growth is expected to trail DOHOME's, we continue to prefer GLOBAL due to: a) its improving capital management, with net D/E declining to 0.26x, b) the highest inventory days among peers, allowing it to benefit longer from lower-cost inventory, and c) a higher private-brand contribution, supporting margin expansion.

## Earnings Revision

- **Revise up earnings.** We increase our 2026 earnings forecasts by 17% for DOHOME and 11% for GLOBAL to reflect the better-than-expected gross margin and lower interest expenses.

## Sector Catalyst/Risk

- **Catalysts:** a) gross margin expansion, b) lower interest expenses, c) a ban on induction furnace (IF) steel would benefit DOHOME and GLOBAL.

## Essential

- **DOHOME: Best earnings in the past 15 quarters.** We forecast 2Q26 net profit of Bt280m (+78% yoy, +12% qoq), marking the company's strongest quarterly earnings in the past 15 quarters. The earnings recovery is primarily driven by 2Q26 SSSG of 2.5% yoy, outperforming peers, supported by a 5% yoy growth in the wholesale segment, while the retail segment remains soft at -3% yoy. We expect gross margin to expand 150bp yoy to 19.5%, driven by: a) selling price adjustments combined with lower-cost inventory, and b) a significant recovery in steel margins, which peaked at 14-15% in Apr 26 before normalising to 10-11% in June. Meanwhile, cost discipline remains strong, with SG&A expenses expected to be flat yoy, further supporting operating margin expansion.

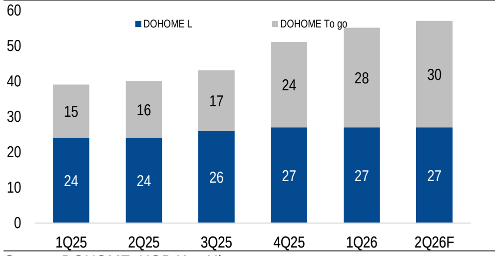
**DOHOME: 2Q26 Earnings Forecast**

| Year to 31 Dec (Btm) | 2Q25 | 1Q26 | 2Q26 | yoy (%) | qoq (%) | 2025 | 2026F | yoy (%) |
|---|---|---|---|---|---|---|---|---|
| Sales and services | 7,283 | 8,098 | 7,538 | 3.5 | (6.9) | 29,110 | 29,584 | 1.6 |
| Gross profit | 1,311 | 1,425 | 1,451 | 10.7 | 1.9 | 5,056 | 5,295 | 4.7 |
| SG&A | 1,094 | 1,103 | 1,093 | (0.1) | (0.9) | 4,214 | 4,328 | 2.7 |
| EBIT | 294 | 386 | 419 | 42.6 | 8.6 | 1,140 | 1,268 | 11.2 |
| Interest expense | 109 | 82 | 82 | (25.0) | 0.0 | 431 | 379 | (12.1) |
| Equity income | 0 | 0 | 0 | n.a. | n.a. | 0 | 0 | n.a. |
| Net profit | 157 | 251 | 280 | 77.9 | 11.5 | 601 | 747 | 24.3 |
| Percent | 2Q25 | 1Q26 | 2Q26 | (ppts) | (ppts) | 2025 | 2026F | (ppts) |
| Gross margin | 18.0 | 17.6 | 19.3 | 1.25 | 1.7 | 17.4 | 17.9 | 0.5 |
| SG&A to sales | 15.0 | 13.6 | 14.5 | (0.52) | 0.9 | 14.5 | 14.6 | 0.2 |
| Net profit margin | 2.2 | 3.1 | 3.7 | 1.6 | 0.6 | 2.1 | 2.5 | 0.5 |

*Source: DOHOME, UOB Kay Hian*

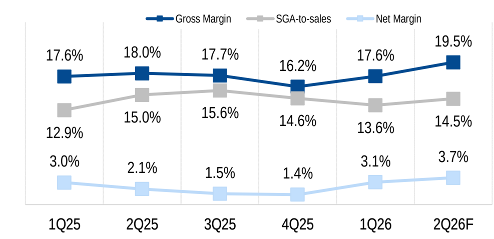
- **GLOBAL: Gross margin to reach record high.** We expect 2Q26 net profit of Bt730m (+40% yoy, -9% qoq), driven by higher gross margin, lower interest expenses, and stronger equity income yoy. We forecast 2Q26 SSSG at -3%

**DOHOME Stores**



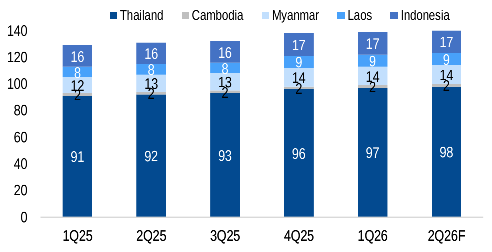

*Source: DOHOME, UOB Kay Hian*

**DOHOME Profitability**



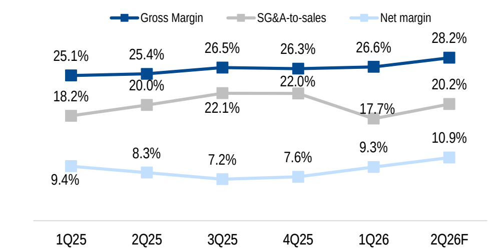

*Source: DOHOME UOB Kay Hian*

**GLOBAL Stores**



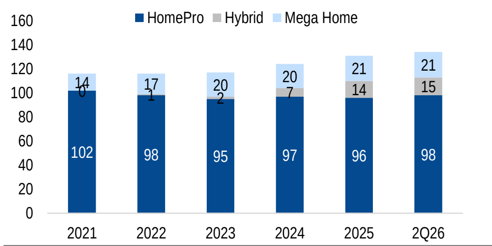

*Source: GLOBAL, UOB Kay Hian*

**GLOBAL Profitability**




*Source:, UOB Kay Hian*

**HMPRO Stores**




*Source: HMPRO, UOB Kay Hian*

yoy. SSSG was positive in Apr 26 due to front-loaded demand amid rising prices but softened in May-Jun 26 as purchasing volumes weakened and steel prices declined. We expect record-high gross margin in 2Q26, supported by higher selling prices and low-cost inventory. Despite steel prices having eased, most product prices remain above pre-Hormuz closure levels, supporting margin expansion both yoy and qoq. We expect the SG&A-to-sales to remain stable yoy, while interest expenses should decline on debt repayment and lower rates. Equity income is also expected to improve yoy, driven by stronger operations in Myanmar and Laos.

**GLOBAL: 2Q26 Earnings Forecast**

| Year to 31 Dec (Btm) | 2Q25 | 1Q26 | 2Q26 | yoy (%) | qoq (%) | 2025 | 2026F | yoy (%) |
|---|---|---|---|---|---|---|---|---|
| Sales and services | 8,183 | 8,590 | 8,142 | (0.5) | (5.2) | 31,601 | 31,892 | 0.9 |
| Gross profit | 2,080 | 2,287 | 2,298 | 10.5 | 0.5 | 8,159 | 8,611 | 5.5 |
| SG&A | 1,640 | 1,518 | 1,645 | 0.3 | 8.3 | 6,479 | 6,490 | 0.2 |
| EBIT | 603 | 920 | 816 | 35.2 | (11.3) | 2,324 | 2,770 | 19.2 |
| Interest expense | 60 | 38 | 34 | (42.7) | (10.0) | 236 | 174 | (26.1) |
| Equity income | 46 | 50 | 60 | 30.0 | 20.0 | 154 | 185 | 20.0 |
| Net profit | 520 | 803 | 730 | 40.3 | (9.0) | 1,964 | 2,415 | 23.0 |
| Percent | 2Q25 | 1Q26 | 2Q26F | (ppts) | (ppts) | 2025 | 2026F | (ppts) |
| Gross margin | 25.4 | 26.6 | 28.2 | 2.8 | 1.6 | 25.8 | 27.0 | 1.2 |
| SG&A to sales | 20.0 | 17.7 | 20.2 | 0.16 | 2.5 | 20.5 | 20.4 | (0.2) |
| Net profit margin | 6.4 | 9.3 | 9.0 | 2.6 | (0.4) | 6.2 | 7.6 | 1.4 |

*Source: GLOBAL, UOB Kay Hian*

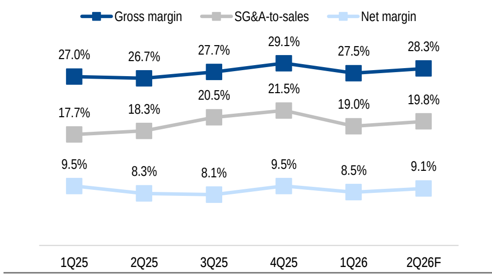
- **HMPRO: Sales and margin to improve.** We expect 2Q26 net profit of Bt1.27b, up 13% yoy and 12% qoq, supported by improved SSSG, store expansion, and a higher gross margin. 2Q26 SSSG is expected to improve (HomePro: -0.8% yoy; Mega Home: +1.2% yoy), driven by front-loaded purchases in Apr 26, increases in selling prices, and stronger demand for cooling appliances. However, SSSG moderated in May-Jun 26 as earlier purchases pulled forward demand. Gross margin is expected to improve due to: a) higher selling prices while benefitting from lower-cost inventory, and b) a higher private-brand mix at both HomePro (21.75% vs 20.7% in 2Q25) and Mega Home (23.0% vs 20.9%). Meanwhile, SG&A-to-sales is expected to increase both yoy and qoq due to higher store operating and staff costs, while interest expense should decline slightly qoq. For its second share buyback programme, the company has repurchased 62.6m shares, equivalent to 0.5% of total shares outstanding and 15.9% of the maximum buyback target. We forecast an interim DPS of Bt0.16/share for Sep 26, implying a 2.4% dividend yield.

**HMPRO: 2Q26 Earnings Forecast**

| Year to 31 Dec (Btm) | 2Q25 | 1Q26 | 2Q26 | yoy (%) | qoq (%) | 2025 | 2026F | yoy (%) |
|---|---|---|---|---|---|---|---|---|
| Sales and services | 16,867 | 16,514 | 17,358 | 2.9 | 5.1 | 67,888 | 65,709 | (3.2) |
| Gross profit | 4,502 | 4,543 | 4,904 | 8.9 | 7.9 | 18,736 | 18,237 | (2.7) |
| SG&A | 3,192 | 3,262 | 3,437 | 7.7 | 5.4 | 13,318 | 13,023 | (2.2) |
| EBIT | 1,900 | 1,916 | 2,110 | 11.1 | 10.2 | 8,100 | 7,896 | (2.5) |
| Interest expense | 178 | 171 | 168 | (5.6) | (1.6) | 711 | 704 | (1.0) |
| Equity income | (0) | 0 | 0 | n.a. | n.a. | (1) | 0 | n.a. |
| Net profit | 1,399 | 1,404 | 1,576 | 12.7 | 12.3 | 6,011 | 5,854 | (2.6) |
| Percent | 2Q25 | 1Q26 | 2Q26F | (ppts) | (ppts) | 2025 | 2026F | (ppts) |
| Gross margin | 26.7 | 27.5 | 28.3 | 1.6 | 0.7 | 27.6 | 27.8 | 0.2 |
| SG&A to sales | 18.9 | 19.8 | 19.8 | 0.9 | 0.0 | 19.6 | 19.8 | 0.2 |
| Net profit margin | 8.3 | 8.5 | 9.1 | 0.8 | 0.6 | 8.9 | 8.9 | 0.1 |

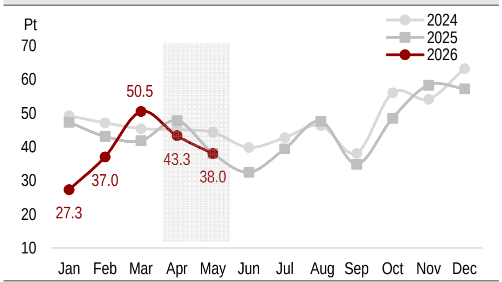
*Source: HMPRO, UOB Kay Hian*

**HMPRO Profitability**



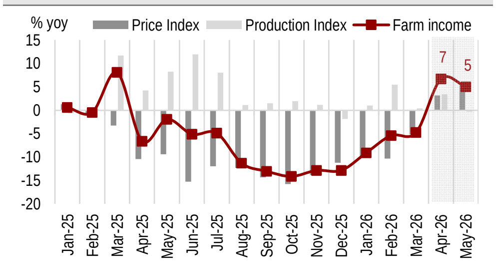

*Source: HMPRO, UOB Kay Hian*

**Retail Sentiment Index**



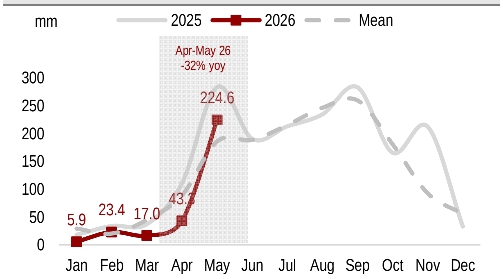

*Source: Thai Retailers Association, UOB Kay Hian*

**Farm Income Turned Positive**




*Source: Office of Agricultural Economics, UOB Kay Hian*

**Lower Rainfall in 2026.**




*Source: Thai Meteorological Department, UOB Kay Hian*

**Earnings Impact of a 1% THB Appreciation**

| Stocks | Currency | Earnings impact |
|---|---|---|
| DOHOME | RMB | -0.70% |
| GLOBAL | RMB | -0.40% |
| HMPRO | RMB | - 0.20% |

*Source:, UOB Kay Hian*

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