

# Company Presentation

Dohome Public Company Limited

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9 September 2019



UBONWATSADU

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# Business Updates



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# Dohome Business Overview

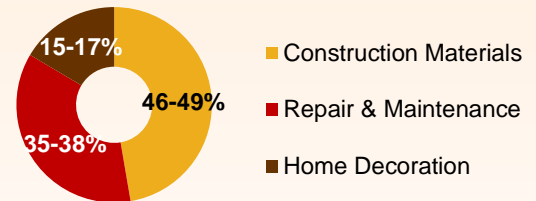


As of 30 June 2019

## One-stop Home Products Destination



## Target Customer Group and Revenue Breakdown by Product Group<sup>(1)</sup>

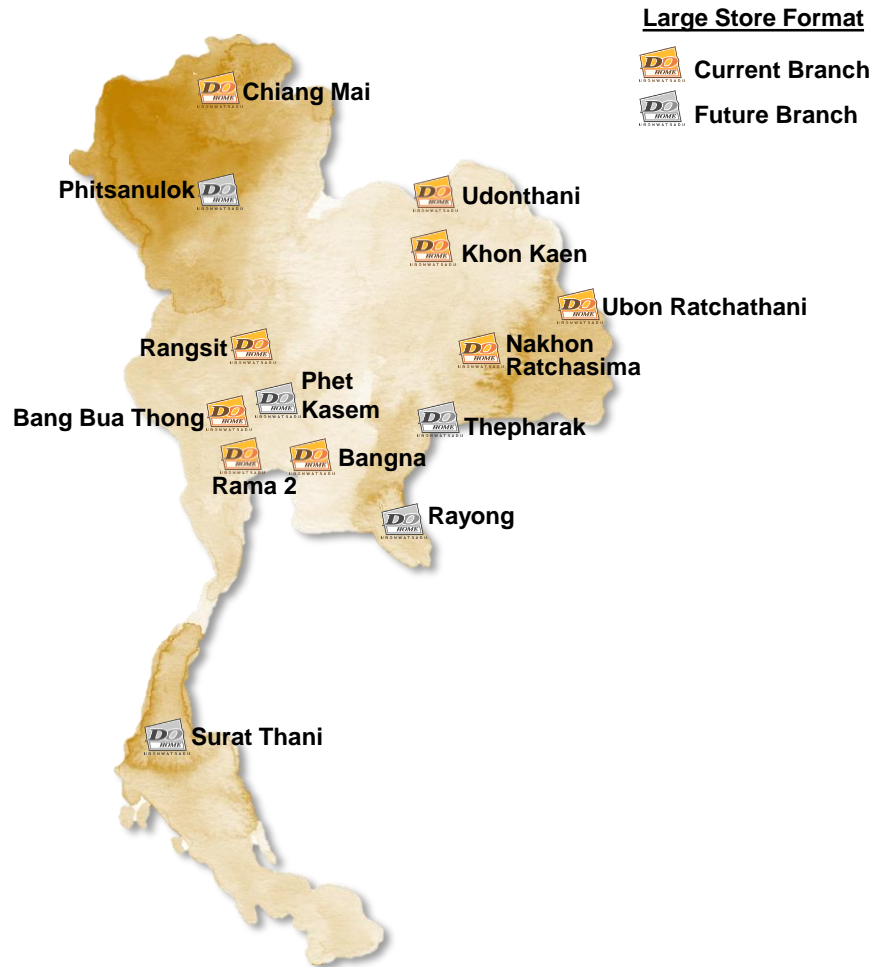


## Home Products Services & Solution

- Delivery Service**
- Repair and Maintenance Service**
- Home Installation Service**
- Design Center**
- Special Order**

Note: (1) Revenue breakdown by product group based on 2016 – 2018 and 1H19 figures

# Branches Expansion Plan



Location	Store Format	Retail and Storage Space sq.m	Opening dates
<b>Existing Branches</b>			
Ubon Ratchathani	Large	45,266	Dec 1993
Nakhon Ratchasima	Large	53,605	Jul 2007
Rangsit	Large	48,376	Jul 2010
Khon Kaen	Large	58,300	Jun 2012
Udonthani	Large	65,322	Dec 2013
Rama 2	Large	54,209	Dec 2014
Bang Bua Thong	Large	48,202	Oct 2015
Chiang Mai	Large	48,116	Dec 2015
Bangna	Large	37,414	Apr 2018
Makro Charunsanitwong	Dohome To Go	265	Jul 2019
Makro Sathorn	Dohome To Go	384	Jul 2019
<b>Future Branches</b>			
7 new <b>large</b> branches within 2021, divided into 1 new branch in 2019 and 6 new branches within 2021			
88 new <b>Dohome To Go</b> branches within 2021 divided into 2019: 8 new branches 2020: 30 new branches 2021: 50 new branches			

# Dohome To Go Update

The company opened two new branches of Dohome To Go in July 2019 (after 2Q19)

- 1 Makro Charunsanitwong  
Opened on 6 July 2019



- 2 Makro Sathorn  
Opened on 24 July 2019



# Investment Highlights and Business Strategies



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# Key Investment Highlights



# Large Store Format (Size L): Decreased Size with Increased Efficiency

## Large Store Format (Size L)

- Located in major cities and small in size and also maintaining over 135,000 SKUs similar to existing branches, while maintaining concept of “Completed Assortment, Competitive Price, Good Quality”



Construction Materials



Repair & Maintenance



Home Decoration

- Lower number of employees required as size L has smaller branch area and utilizes automated storage and retrieval system (“ASRS”) to manage warehouse space
- Air conditioned area in retail space to increase customers shopping experience and ease
- Increase ability to open new branches from lower CAPEX requirement

## Existing Large Store Format



## New Large Store Format (Size L)



### Area per branch<sup>(1)</sup> (sq.m.)

Retail Space ~19,500 - ~30,000  
Warehouse Space ~18,000 - ~35,000

Retail Space ~13,200  
Warehouse Space ~9,400

### Target area

Major cities including Bangkok vicinity

Major cities and land plots already owned by companies

### Target product offerings

Construction Material / Repair & Maintenance / Home Decoration

Construction Material / Repair & Maintenance / Home Decoration

### Target revenue<sup>(2)</sup> (per year)

-

Approximately  
THB 1,000 - 1,200 mm per branch

### CAPEX per branch<sup>(3)</sup>

-

Approximately  
THB 250 – 300 mm per branch

### Number of employees

Approx. 280 people per branch

Approx. 180 people per branch

### Branch expansion plan

- No plan -

7 new branches within 2021,  
divided into 1 new branch in 2019 and  
6 new branches within 2021

(1) Service area excludes parking and traffic area

(2) Target revenue after the branch finished ramping up after 3 years; target revenue is estimated from revenue from sales and services of existing branches that have over 4 years of operations

(3) Construction CAPEX per branch includes ASRS and miscellaneous expenses but excludes land and rental expense. Nevertheless, actual CAPEX might differ from companies estimated budget depending on other factors

# Small Store Format: Under “Dohome To Go”

## Small Size Format (Size XS or Dohome To Go)

- Located in department stores, supermarkets, and hypermarkets in order to reach more end-user customers
- Improve flexibility and speed in branch expansion
- Increase brand awareness, starting with Bangkok and vicinity
- Change in product mix by focusing on repair & maintenance and home decoration products, which have higher gross margins on average



## Dohome To Go



## Repair & Maintenance and Home Decoration Product Groups

GPM HB ('16-'18)	31-35%
GPM Non-HB ('16-'18)	13-18%

<b>Retail area per branch (sq.m.)</b>	300 – 1,000
<b>Target areas</b>	Department stores, Supermarkets, and Hypermarkets
<b>Target product offerings</b>	Repair & Maintenance and Home Decoration
<b>Target HB Revenue Contribution</b>	30%
<b>Target revenue (per year) <sup>(1)</sup></b>	THB 80,000 – 120,000 per sq.m.
<b>CAPEX per branch<sup>(2)</sup></b>	THB 5,000 – 6,000 per sq.m.
<b>Number of employees</b>	Approx. 6 – 12 people per branches
<b>Branch expansion plan</b>	90 new branches within 2021 divided into 2019: 10 new branches 2020: 30 new branches 2021: 50 new branches

(1) Target revenue is supported by 1. Study of retailers that have similar branch area and similar revenue per square sq.m. with company's revenue forecasts 2. Product mix for size XS

(2) Construction CAPEX per sq.m. includes equipment expenses but excludes rental expenses. Nevertheless, actual CAPEX might differ from company's estimated budget depending on other factors

# High Quality House Brand Products

## House Brand Products

- The company gives high importance to product sourcing in order to obtain quality products at competitive prices
- The company has a House Brand development team to help ensure that a variety of product options are available for customers
- Conduct research to study the needs of customers and the competitive landscape in the market in order to optimize product selection
- House Brand product procured only from qualified suppliers, both domestically and internationally
- High-quality products meeting product standards with over 107<sup>(1)</sup> certifications issued by Thai Industrial Standard

## House Brand Product Examples



## Examples of House Brand Products with Thai Industrial Standards



## Examples of Product Quality Control



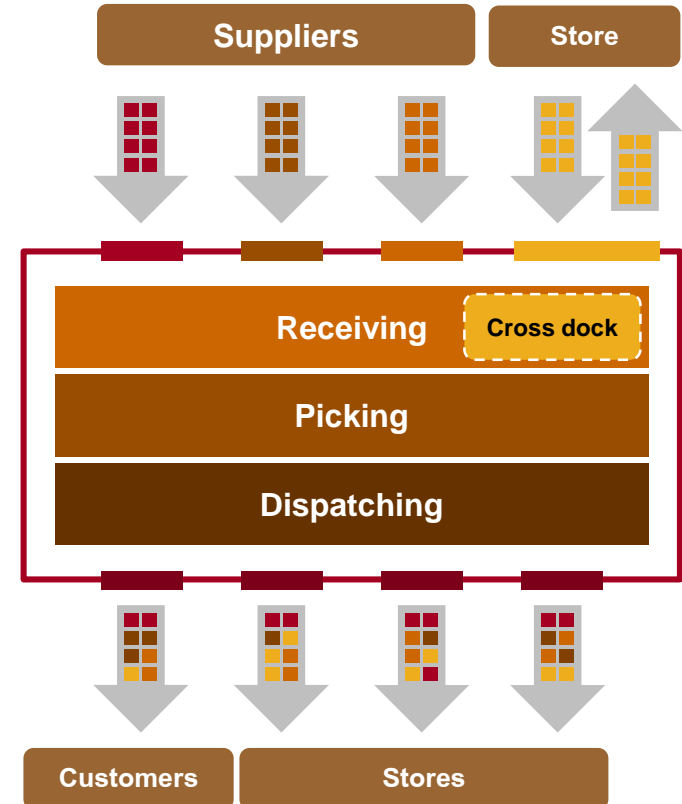
# Efficient Inventory Management with the Distribution Center

## Distribution Center

- Located in Pathum Thani and began operations in June 2018
- Total warehouse area of 41,580 sq.m.
- Functions:
  - Receiving inventory
  - Picking inventory
  - Dispatching Inventory to customers and branches



## Inventory Management at the Distribution Center



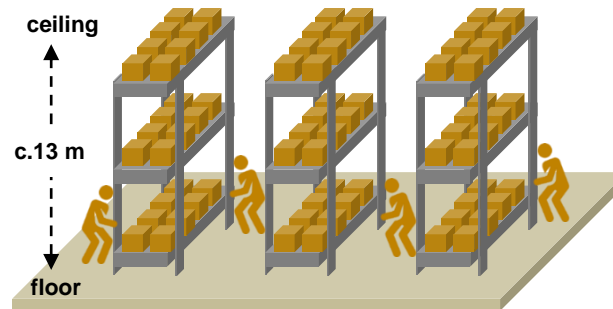
*\*Picture for illustration only*

# Utilization of ASRS System to Increase Inventory Management Efficiency

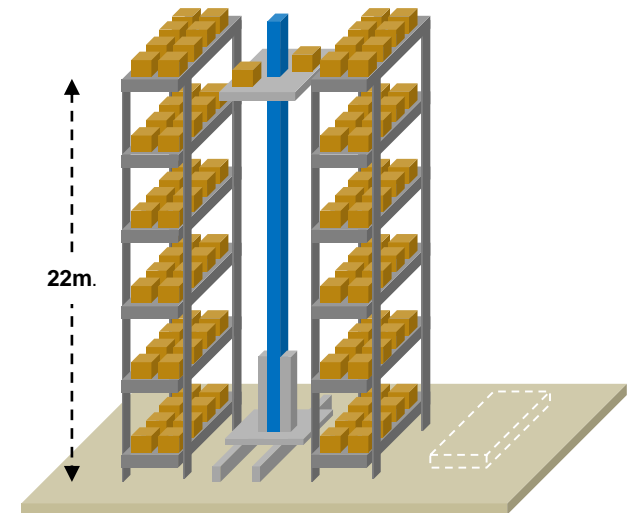
## Automated Storage and Retrieval System (ASRS)

- Being installed at the distribution center and the Phet Kasem branch, which is expected to be operational in 1Q20 at the distribution center
- Improvement in inventory management efficiency through lower costs to store and retrieve inventory
- The company could potentially consider installing the ASRS system at other large store format warehouse in the future

Existing Warehouse



New Warehouse with ASRS



- ☑ Reduce required warehouse space
- ☑ Reduce the number of warehouse staff
- ☑ More efficient inventory management

*\*Picture for illustration only*

# Operating Results for 1H 2019



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# P&L Summary



	1H2018		1H2019		Changes	
	THB mm	%	THB mm	%	THB mm	%
Revenue from sales and services	9,578	99.6	9,426	99.4	(152)	-1.6
Other incomes	42	0.4	61	0.6	19	45.9
Total revenue	9,620	100.0	9,488	100.0	(132)	-1.4
COGS	8,165	84.9	7,876	83.0	(289)	-3.5
<b>Gross profit</b>	<b>1,413</b>	<b>14.8<sup>(1)</sup></b>	<b>1,551</b>	<b>16.4<sup>(1)</sup></b>	<b>137</b>	<b>9.7</b>
Selling & Administrative expenses	934	9.7	909	9.6	(25)	-2.7
Other expenses	3	0.0	-	0.0	(3)	-100.0
<b>EBIT</b>	<b>519</b>	<b>5.4</b>	<b>703</b>	<b>7.4</b>	<b>185</b>	<b>35.6</b>
Interest expenses	145	1.5	152	1.6	7	5.0
Tax expenses	79	0.8	112	1.2	33	41.3
<b>Net income</b>	<b>294</b>	<b>3.1</b>	<b>439</b>	<b>4.6</b>	<b>145</b>	<b>49.2</b>
Depreciation & Amortization	181	0.0	203	0.0	22	12.3
<b>EBITDA</b>	<b>699</b>	<b>7.3</b>	<b>906</b>	<b>9.6</b>	<b>207</b>	<b>29.6</b>

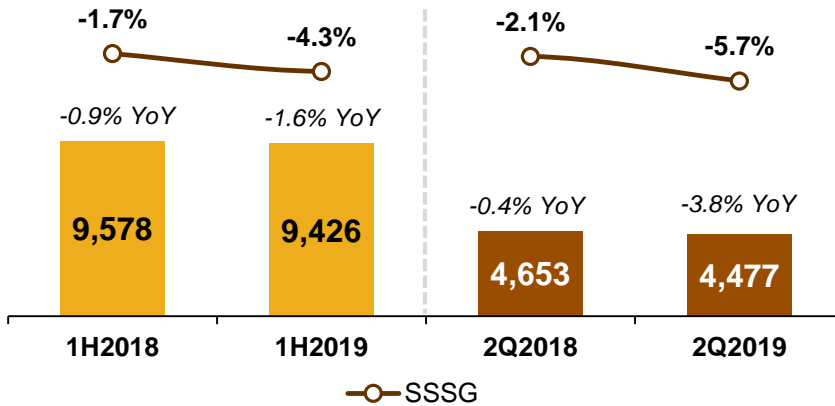
Note: (1) Gross profit margin calculated based on revenue from sales and services

# 1H2019 Key Highlights



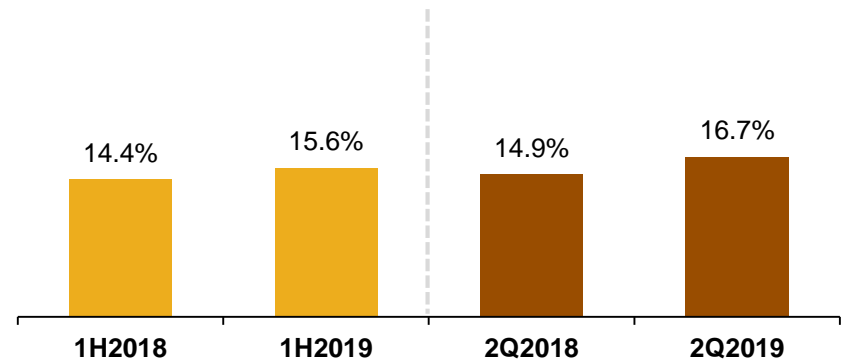
## Revenue from Sales and Services

THB mm



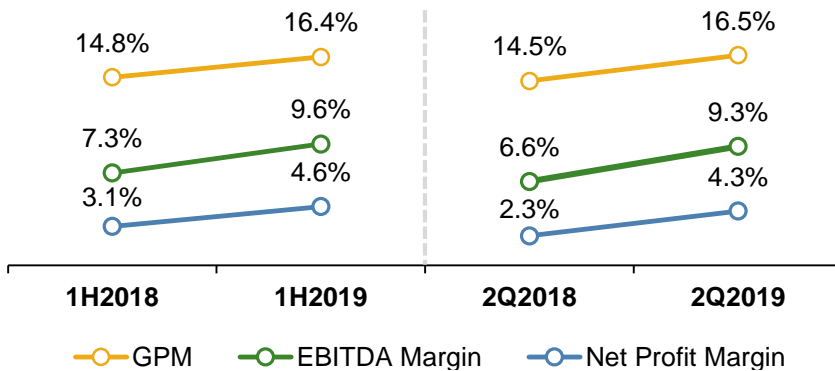
## Revenue Contribution from House Brand

% to revenues from sales and services



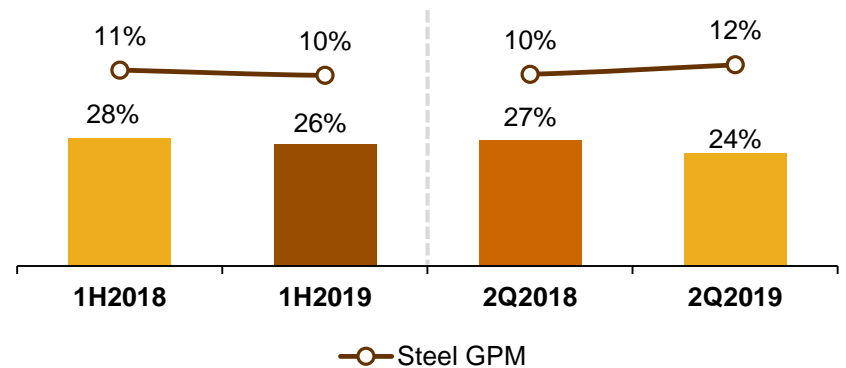
## Profits margin

%



## Steel Revenue Contribution and GPM

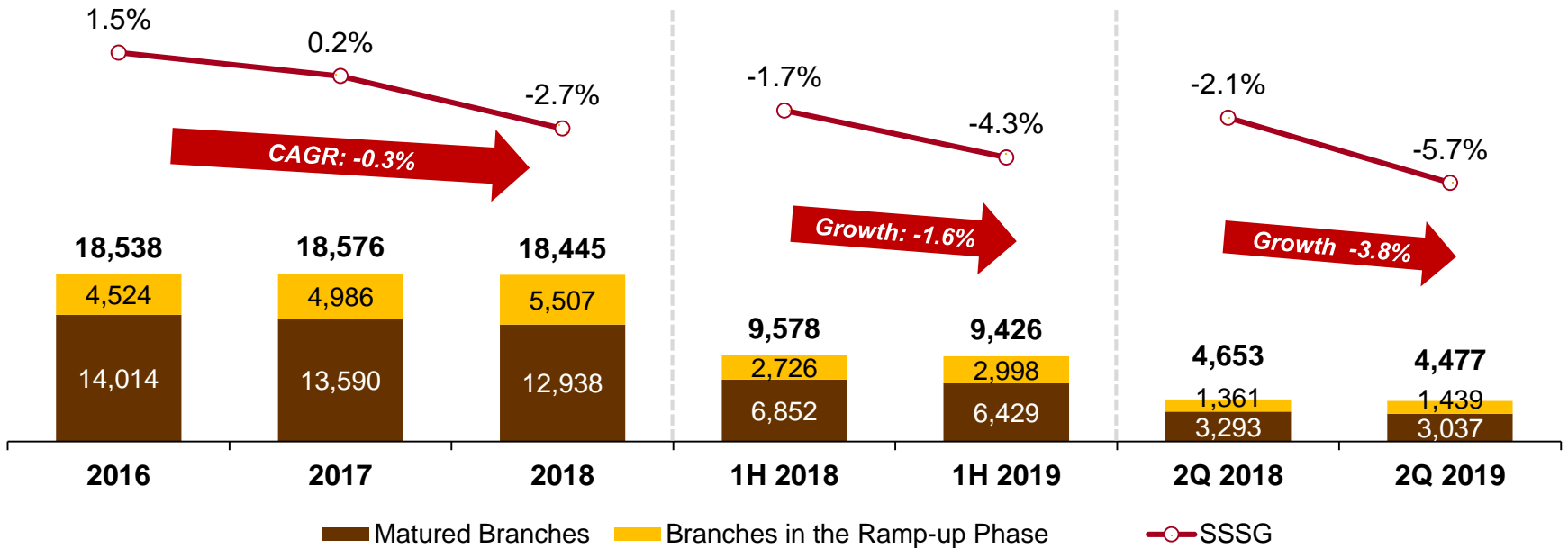
% to revenues from sales and services / %



# Revenue from Sales and Services



THB mm



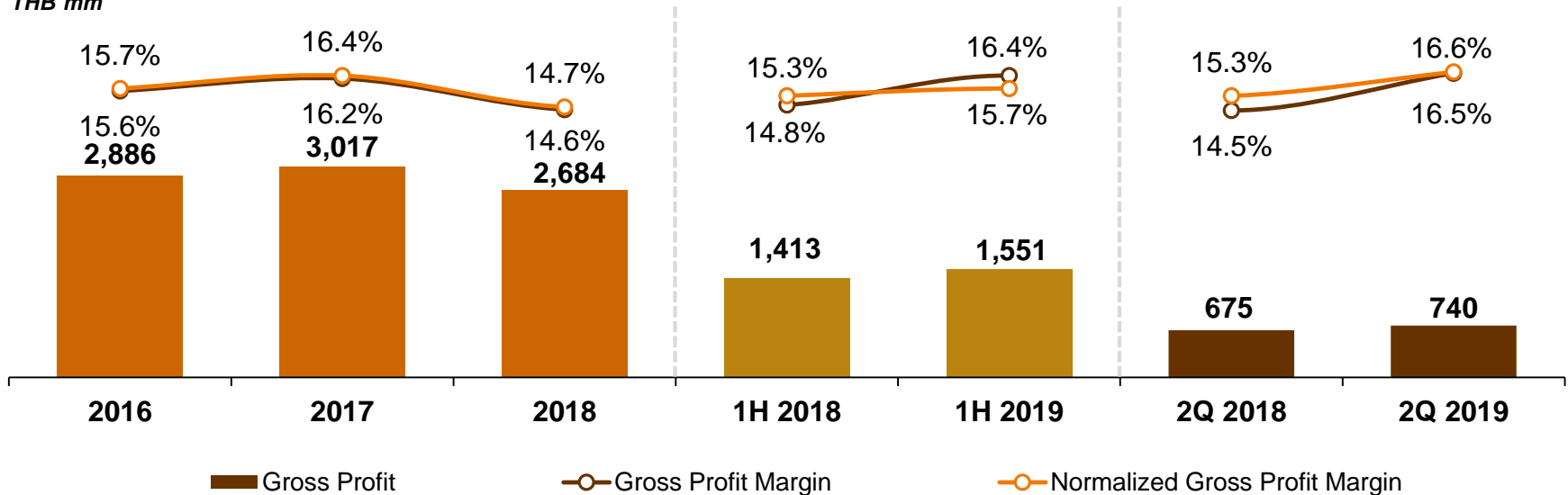
## Key Changes in 1H2019

- SSSG was negative in 1H19 mainly due to the slowdown of the Thai economy particularly in upcountry provinces along with increased competition within the industry
- In 1H2019, total revenue from sales and services decreased 1.6% YoY as the political uncertainty and economic landscape negatively affected the construction materials product group, which experienced a 7.5% YoY drop in revenue while other product groups' revenue surged. As a result, revenue contribution from construction materials dropped from 48.4% in 1H2018 to 45.4% in 1H2019
- Revenue from branches in the ramp-up phase increased especially from Bang Na branch, which completed its first full year operation in April 2019

# Gross Profit and Gross Profit Margin



THB mm



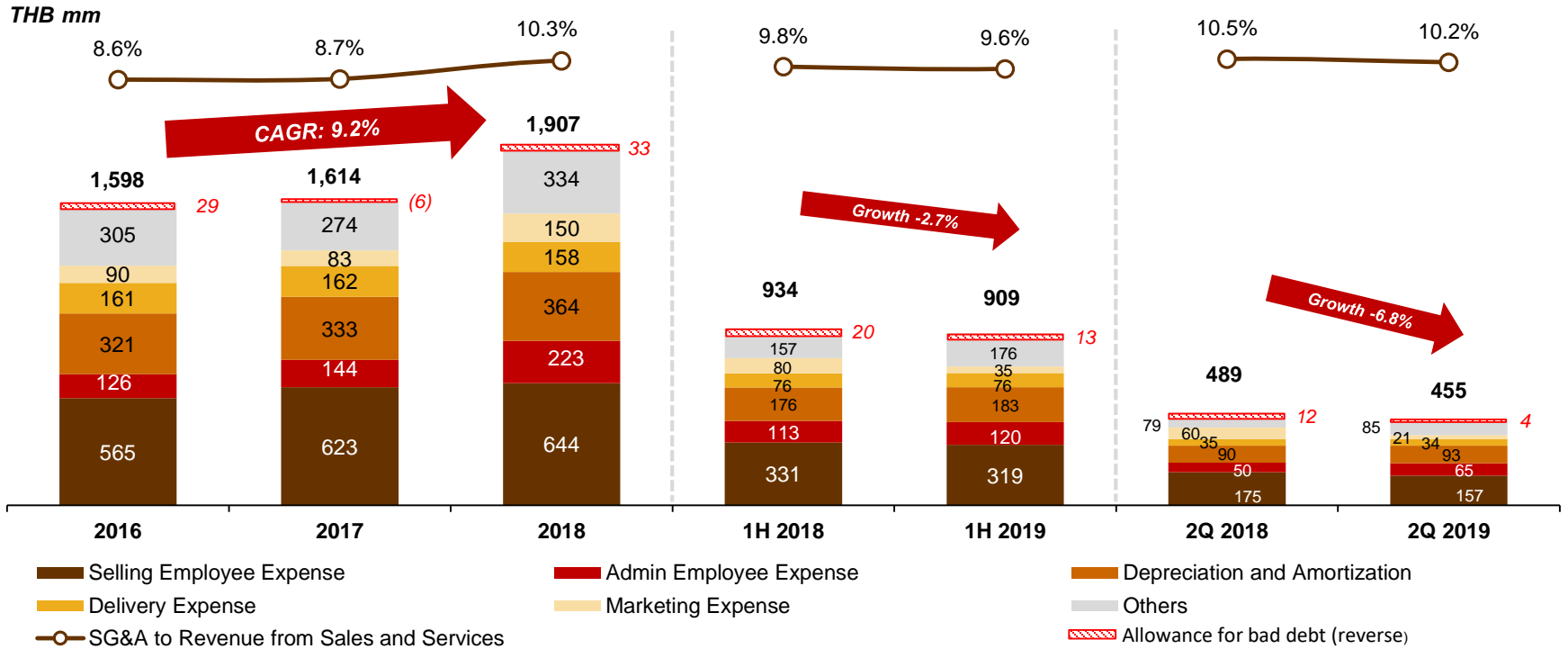
	2016	2017	2018	1H 2018	1H 2019	2Q 2018	2Q 2019
<b>Normalized Gross Profit Margin<sup>(1)</sup></b>							
<b>NHB</b>	13.9%	13.8%	12.3%	12.9%	13.0%	13.0%	13.9%
<b>HB</b>	29.7%	31.6%	28.8%	29.1%	30.2%	28.2%	30.2%
<b>Blended</b>	15.7%	16.4%	14.7%	15.3%	15.7%	15.3%	16.6%

## Key Changes in 1H2019

- Normalized blended GPM increased from 15.3% in 1H2018 to 15.7% in 1H2019 due to:
  - Revenue contribution from House Brand significantly expanded from 14.4% in 1H2018 to 15.6% in 1H2019 in conjunction with the company's strategy to achieve 20% house brand revenue contribution by 2022
  - This is slightly offset by the decline in steel GPM which decreased from 10.9% in 1H2018 to 9.5% in 1H2019. However, on a QoQ basis, the steel GPM significantly improved in 2Q19
- GPM of House Brand products slightly improved as a result of better product mix shifting towards more contribution to the repair & maintenance product group

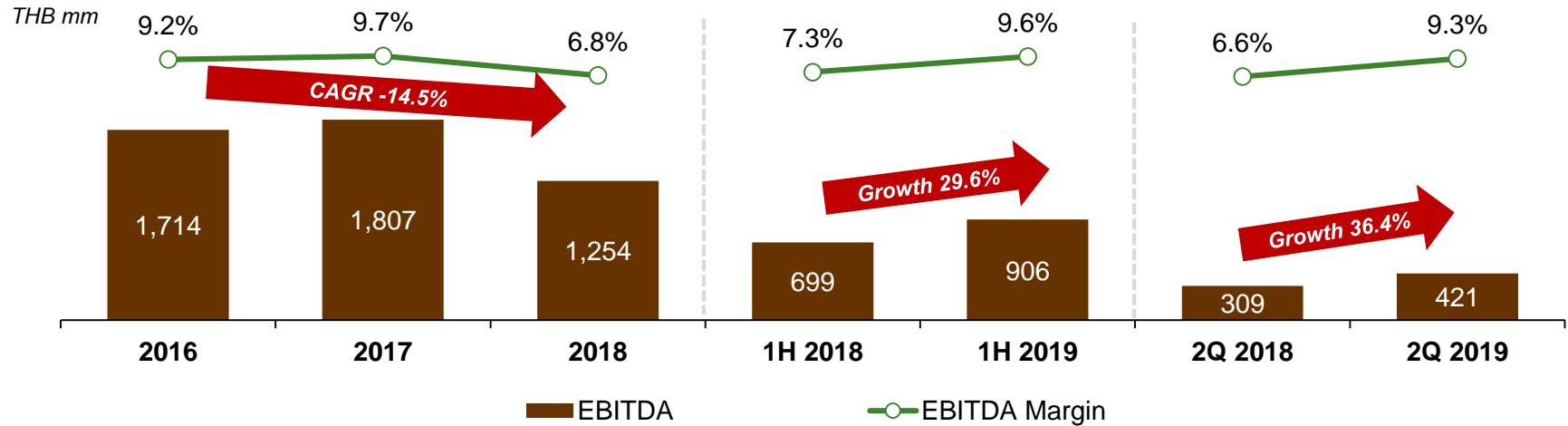
Note: (1) Normalized gross profit margin does not include provision adjustments for obsolete and slow-moving inventory and Net Realizable Value (NRV)

# SG&A Expense

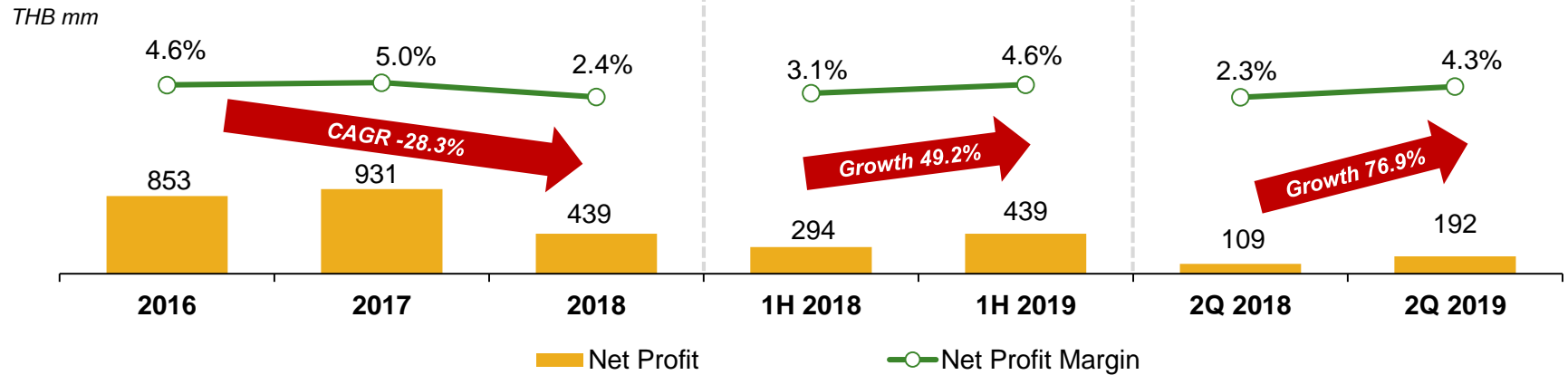


# EBITDA and Net Profit

## EBITDA



## Net Profit



EPS (THB)

2016	83.14 <sup>(1)</sup>	0.90	0.31	0.08	0.14	0.21	0.31
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# Balance Sheet at a Glance



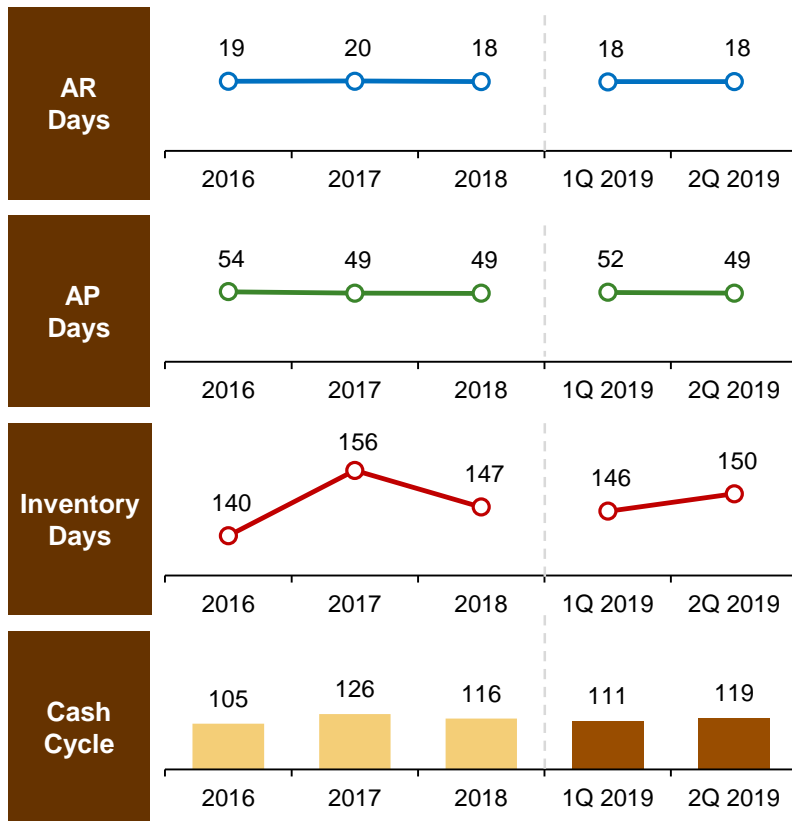
	31 Dec 18		30 Jun 19	
<b>Assets</b>	<b>THB mm</b>	<b>%</b>	<b>THB mm</b>	<b>%</b>
Cash and Cash Equivalents	167	1.0	134	0.8
Accounts Receivable and Other Receivables	836	5.0	961	5.4
Inventory	6,260	37.5	6,791	38.2
Property, Plant and Equipment	8,866	53.2	9,168	51.6
Others	545	3.3	708	4.0
<b>Total Assets</b>	<b>16,675</b>	<b>100.0</b>	<b>17,762</b>	<b>100.0</b>
<b>Liabilities</b>				
Bank Overdrafts and Short-term Loan	6,577	55.4	6,928	46.1
Accounts Payable and Other Payables	2,128	17.9	2,636	17.5
Long-term Loan and Financial Lease Liabilities	3,101	26.1	2,809	18.7
Others	76	0.6	2,663 <sup>(1)</sup>	17.7
<b>Total Liabilities</b>	<b>11,882</b>	<b>100.0</b>	<b>15,036</b>	<b>100.0</b>
<b>Shareholder's Equity</b>				
Issued and Paid-Up Capital	2,055	42.9	2,055	75.4
Retained Earnings	3,330	69.5	1,263	46.4
Others	(592)	(12.4)	(592)	(21.7)
<b>Total Shareholder's Equity</b>	<b>4,792</b>	<b>100.0</b>	<b>2,726</b>	<b>100.0</b>

Note: (1) Other liabilities consisted of THB 2,506 mm of dividend payables as part of the dividend recapitalization prior to the IPO

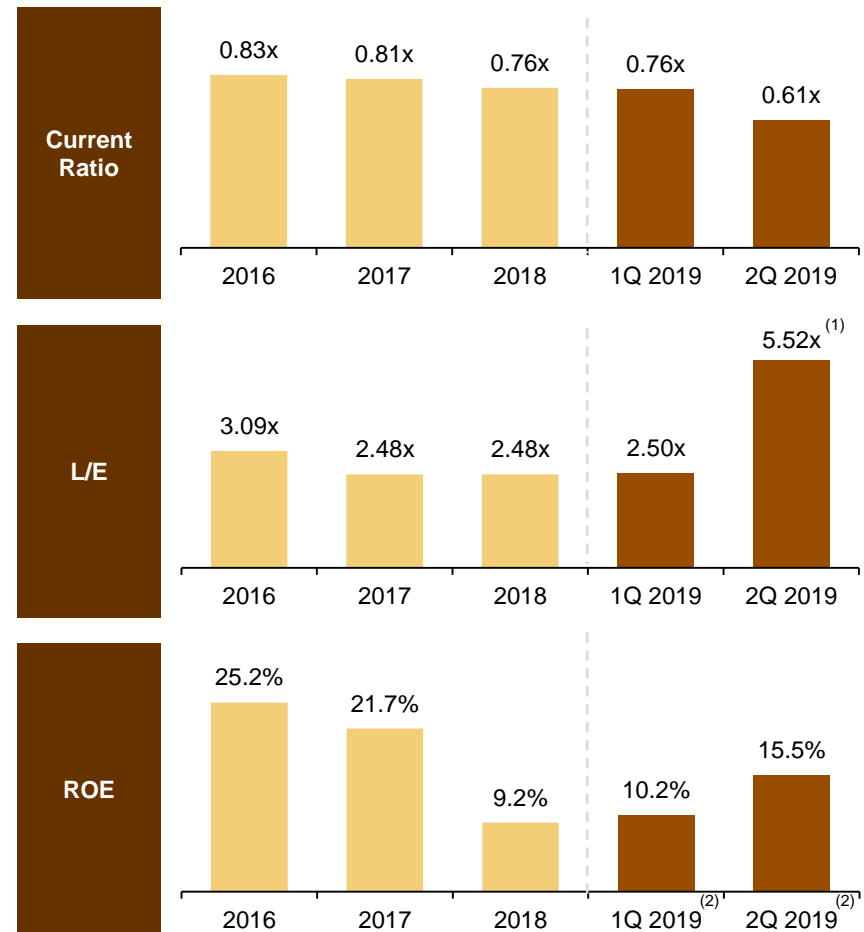
# Key Financial Highlights



## Cash Cycle



## Financial Ratios



- Inventory day increased from 146 days in 1Q19 to 150 days in 2Q19 partly as a result of the company stocking up inventory for the Phetkasem branch opening in October 2019

Note: (1) Liabilities include THB 2,506 mm of dividend payables. However, the company has already received the appropriate waivers of covenants compliance with the financial agreements from a financial institution in 2Q19

(2) Calculated from trailing 12 months net income

# Q&A

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