

## **DISCOUNTED CASH FLOW VALUATION OF HOME PRODUCT CENTER PUBLIC COMPANY LIMITED**

ARANICHA CHAYOPAS 6149018

M.M. (FINANCIAL MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: SIMON M. ZABY, Ph.D., ASSOC. PROF. TATRE JANTARAKOLICA, Ph.D., ASST. PROF. PIYAPAS THARAVANIJ, Ph.D.

### **ABSTRACT**

This thematic paper demonstrated how to value the stock price of Home Product Center Public Company Limited (HMPRO) by using the concept of a discounted cash flow model (DCF). The stock price was calculated from Free Cash Flow to Firm (FCFF) which is a measurement of a company's profitability after all expenses and reinvestments. The process started with analyzing internal and external circumstances within the company, creating a forecast, calculating a reasonable valuation and recommending to buy-sell-hold stocks.

HMPRO is a home improvement retail chain which operates in Thailand and Malaysia. The company not only offers a wide range of products from both private and international brands but also operates warehousing and distribution. HMPRO recently focused on private brand expansion and cost control rather than store expansion to improve profit margin. The reason is a decline in household purchasing power and sluggish global growth.

The result from this paper illustrates the fair price of HMRPO share price which is expected to be a lower value than the current market price by 41.8%. Therefore, the result leads to my recommendation of "SELL"

In conclusion, this valuation study is to estimate the intrinsic value of the company. However, there are some limitations of the DCF method so that the value must be considered carefully.

**KEY WORDS:** HMPRO/ Discounted Cash Flow/ Valuation/ Home Improvement Product

57 pages