Independent Market Research on the Home Improvement Industry in Thailand

August 2024

FROST & SULLIVAN

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1 INTRODUCTION

The home improvement industry in Thailand is growing and is projected to continue to grow driven by factors such as increasing urbanisation rate which can lead to greater foot traffic at the home improvement stores, continuous housing development which can increase the demand for home improvement products as there will be more new home owners, and growing number of middle-income class households which can increase consumer spending on home improvement products. Additionally, the home improvement industry has a low entry barrier as the industry has low startup costs and is not highly regulated. Hence, new entrants can set up their businesses in the home improvement industry easily, thus driving the growth of the industry.

Within the home improvement industry, there are two main segments, the home centre and specialty segment and the general home improvement and lifestyle segment. Within these two segments, the latter is the faster growing segment as this segment caters to a wider consumer base since the items they are selling are those consumables or daily use products, and this segment requires lower capital expenditure due to their smaller store size, hence they do not require high investment in setting up new stores. Within the general home improvement and lifestyle segment, the chain retailers are growing faster than independent retailers, as they are able to scale by replicating their business model, capitalising on their established brand name and operational processes, and also due to the low penetration of chain retailers in some product categories, such as hardware and electrical products. Moreover, chain retailers typically have higher capital at their disposal, which enables them to fund their expansion.

MR. D.I.Y. Holding (Thailand) Public Company Limited and its subsidiaries ("**MR. DIY Thailand**" or the "**Group**") is the largest player in terms of number of stores, not only within the general home improvement and lifestyle segment, but also in the total home improvement industry, with 802 stores as at June 30, 2024. By leveraging on its high number of stores and the large number product assortment in the stores due to the MR. D.I.Y. International Network's[1] procurement activities, MR. DIY Thailand is able to achieve economies of scale and obtain better supply terms, reducing its costs per item. By selling its products at a competitive price, MR. DIY Thailand is able to attract a large number of customers and sell products in large volume, thus retaining healthy margins. These factors help to solidify MR. DIY Thailand's leading position in the market through competitive pricing and product variety. Accordingly, MR. DIY Thailand is well-positioned to capture the future growth potential of the market in Thailand.

2 DEFINITION AND SEGMENTATION

In Thailand, the retail industry can be segmented into store-based retailing, and non-store-based retailing (e.g. e-commerce, direct selling, vending machines). Store-based retailing comprises two main categories: grocery-based and non-grocery-based retailers. Grocery retailers predominantly focus on the sale of food & beverages, while some sell other items including household supplies and other housing goods (e.g. furniture, kitchen cutlery), lifestyle (e.g. clothing, luggage) items, as well as consumer products (e.g. stationery, toys). Comparatively, non-grocery retailers focus mainly on non-food and non-beverages products. Within the non-grocery retailers segment, retailers can be categorised by the main products sold: e.g. apparel and footwear (e.g. shirts, shoes), health and beauty (e.g. cosmetics, personal care products), electronics and appliances (e.g. mobile devices, laptops, fridges, washing machines) and home products/homeware (e.g. hardware, furnishing).

The home products/homeware category includes retailers that focus on the sale of products for home or domestic use. This category may be further segmented into home improvement stores and the home furnishing stores. Retailers under home furnishing typically focus their business on the sale of products such as furniture (e.g. bed, wardrobe, kitchen cabinet), fittings (e.g. kitchen and bathroom accessories) and decorative items (e.g. curtains, carpets).

The **home improvement** retail sector focuses on products for activities such as repairing, renovating, remodelling, and upgrading an interior of a house. The home improvement retail

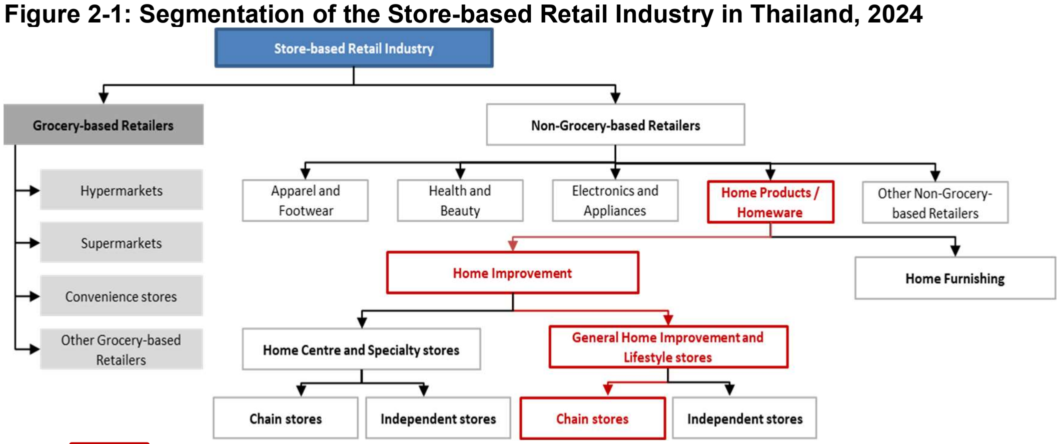
[1] "MR. D.I.Y. International Network" is defined as the collective network of entities that carry on retail operations under the brand name of "MR. D.I.Y" in Thailand, Malaysia, Brunei, Singapore, Indonesia, Philippines, Cambodia, India, Spain, Turkey, Laos, Vietnam, Bangladesh and Poland as at June 30, 2024

sector can be further segmented into **home centre and specialty stores** and **general home improvement and lifestyle stores**. Home centre and specialty stores focus on the sale of bath fittings and kitchenware, tiles, ceramics and flooring, and home textiles, items which are of high price points and may need professional help for installation and fixing. Instead, general home improvement and lifestyle stores focus on the sale of hardware, electrical, furnishing and household items, which are suitable to be used without professional help. Even though apparel, footwear, health and beauty products, sports equipment, stationery, toys, car accessories, gifts, and jewellery, among others, are not the main focus items sold, the general home improvement and lifestyle stores may sell these items too to attract consumers as a one-stop centre.

The home improvement industry can be segmented according to the business model, namely chain and independent stores. **Chain stores** have large-scale operations of more than one store located at different spots in the country, while **independent stores** typically only operate at one location.

MR. DIY Thailand is one of the leading market players within the home improvement industry in Thailand, specifically the market leader within the general home improvement and lifestyle segment.

Figure 2-1: Segmentation of the Store-based Retail Industry in Thailand, 2024



Note: [red box] refers to the segment wherein MR. DIY Thailand is operating.

Source: Frost & Sullivan

Table 2-1: Product Categories under the General Home Improvement and Lifestyle Segment

Product Categories	Example of main items in store
Household and Furnishing	Kitchenware (e.g. utensils and dining set); Small kitchen appliances (e.g. rice cooker and coffee maker); Housekeeping (e.g. broom and detergent); Living and bathroom accessories (e.g. pillows and mirrors); Storage and organisers (e.g. racks and storage boxes)
Hardware	Power and hand tools (e.g. drills and measuring tapes); Locks and safety (e.g. doorknobs and safety hats); Plumbing (e.g. pipes and hoses); Paint and adhesives (e.g. paint and glue); Gardening tools (e.g. plant pots and irrigation)
Stationery and Sports	Writing instruments (e.g. pens and pencils); Paper (e.g. A4 paper and notebook); Stationery tools (e.g. scissors and calculator); Sports equipment (e.g. swimming accessories and exercise mat)
Electrical	Lighting (e.g. light bulbs and torch lights); Cable, plugs and adapters (e.g. travel adapter and trailing sockets); Electrical products (e.g. hair dryers and table/mini fans); Computer/handphone accessories (e.g. keyboard and earphone); Electrical accessories (e.g. batteries and remote control)
Toys	Toys (e.g. toy cars and soft toys)
Other items	Home improvement retailers also sell a wide range of consumable or daily use products such as: Car accessories (e.g. car polish and air freshener); Computer accessories (e.g. mouse and keyboard); Handphone accessories (e.g. handphone charger and handphone casing); Gift (e.g. party accessories and gift wrapping supplies); Jewellery (e.g. necklace and earrings); Cosmetics (e.g. makeup brush set and makeup remover sheets); Pet products (e.g. pet food and

Product Categories	Example of main items in store
	pet grooming tool); Personal care (e.g. nail clipper and hair brush); Apparel (e.g. handkerchief and belt); Footwear (e.g. indoor slippers and shoe insoles); Food and beverages (e.g. biscuits and bottled drinks); etc.

Source: Frost & Sullivan

3 Macroeconomic Overview of Thailand

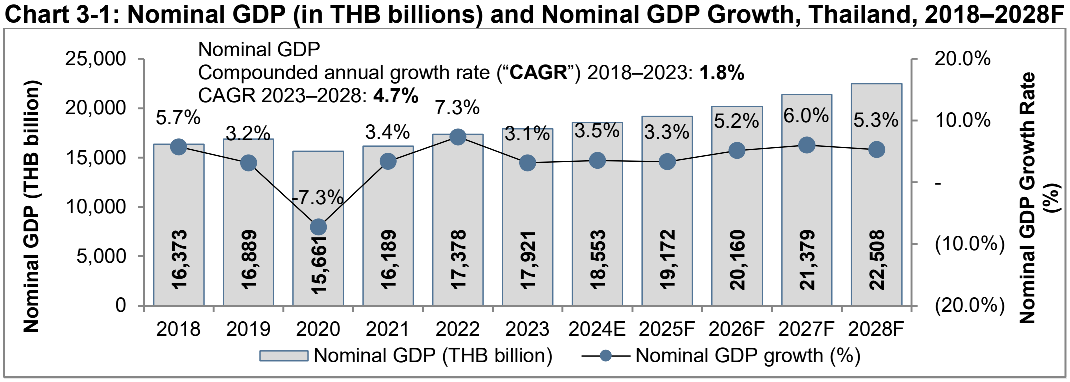
Thailand is an advanced developing country and the second-largest economy in Southeast Asia ("**SEA**") after Indonesia. The country achieved the upper-middle income economy[2] status in 2011 and was recognised by the World Bank as one of the success stories in terms of social and economic development. However, in 2020 the country's economy was impacted, similar to other countries globally by the spread of the Coronavirus Disease 2019 ("**COVID-19**") pandemic and the containment measures (e.g. lockdowns, movement restrictions, and closing of business activities) imposed to limit the spread of the virus, which impacted, among others, consumer spending. While Thailand has been efficient in slowing down the multiple waves of infections of COVID-19 nationwide, the pandemic had a short to medium-term economic impact. Nevertheless, the Thai economy recovered in 2021 near to pre-COVID-19 levels and continued to expand in 2022 and 2023. Recovering tourism, growing household spending, investment, and improving employment are some of the key factors driving economic growth in 2024 and that will continue to drive economic growth in the period up to 2028.

3.1 Economic Indicators

3.1.1 Nominal GDP and Nominal GDP Growth

Thailand's nominal gross domestic product ("**GDP**") grew by 7.3% in 2022, notably higher compared to the growth of 3.4% in 2021 and the decline of -7.3% in 2020 due to the COVID-19 pandemic outbreak in 2020. The strong growth in 2022 driven mainly by the recovery in the tourism industry and continuous improvement of domestic demand in both private consumption and investment[3], while the continuous growth in 2023 was driven by the growth of the services sector, favourable expansion of private consumption as well as increasing export of service[4]. The nominal GDP of Thailand is expected to grow by 3.5% in 2024, driven by stronger-than-expected domestic demand, continued inbound of tourism, and acceleration of government disbursements[5]. Thailand's nominal GDP is forecasted to reach THB22,508 billion in 2028 supported by the continued growth of private consumption, the tourism sector and expansion in both private and public investments.

Chart 3-1: Nominal GDP (in THB billions) and Nominal GDP Growth, Thailand, 2018–2028F



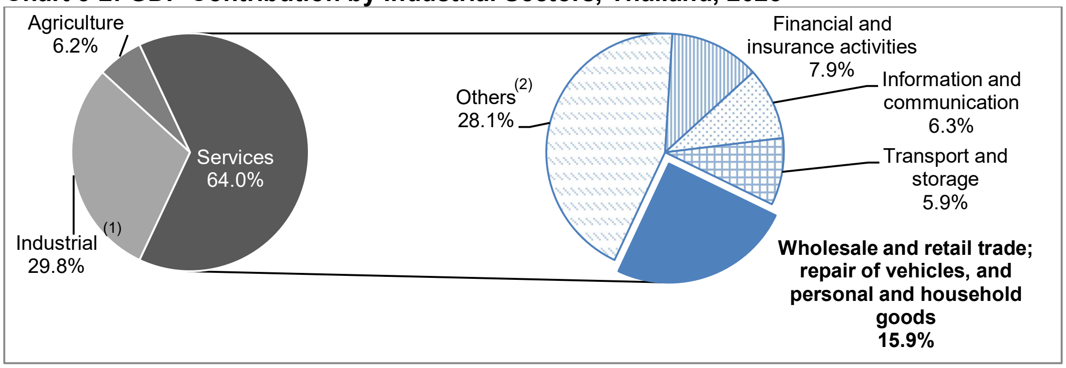
*Source: International Monetary Fund ("**IMF**") World Economic Outlook ("**WEO**") Database (April 2024); Frost & Sullivan*

The home improvement retail sector in Thailand plays an important role in the country's economy as it is part of the wider 'wholesale and retail trade; repair of vehicles, and personal and

[2] Defined as country with Gross National Income per capita of between USD4,125 and USD12,736.
[3] Office of the National Economic and Social Development Council ("**NESDC**"), "Thai Economic Performance in Q4 of 2022 and the Outlook for 2023", February 2023
[4] NESDC, "Thai Economic Performance in Q4 of 2023 and the Outlook for 2024", February 2024
[5] Bank of Thailand ("**BoT**"), "Monetary Policy Committee's Decision 3/2024", June 2024

household goods' industry, which contributed 15.9% to the GDP in 2023. Retailers not only generate revenue for themselves but also for the parties along the value chain such as manufacturers, aggregators, exporters, and logistics service providers, among others. This, in turn, creates a ripple effect throughout the economy, generating more jobs and increasing the demand for goods and services.

Chart 3-2: GDP Contribution by Industrial Sectors, Thailand, 2023



Notes:

(1) Industrial includes Manufacturing; Electricity, gas, steam and air conditioning supply; Mining and quarrying; and Water supply; sewerage, waste management and remediation activities.

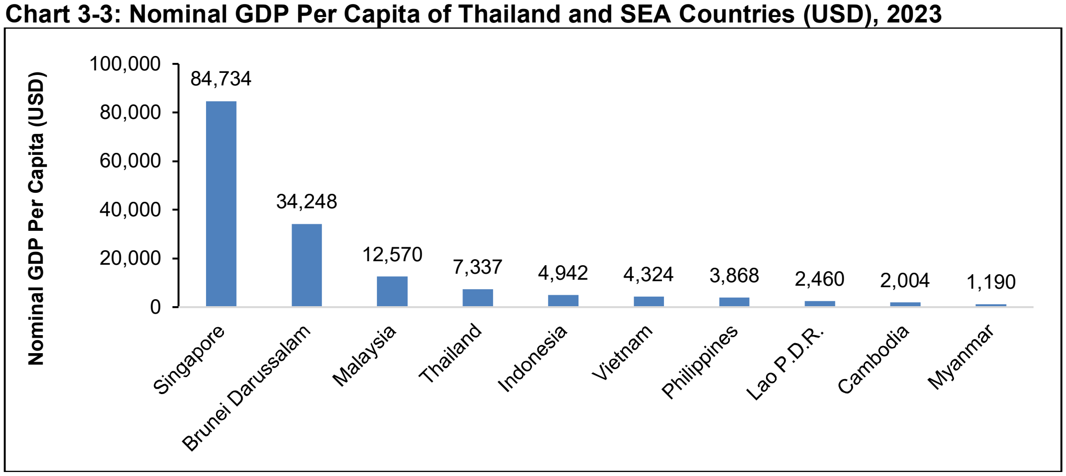
(2) Others includes Public administration and defence; compulsory social security; Accommodation and food service activities; Construction; Real estate activities; Education; Health and social work; Professional, scientific and technical activities; Administrative and support service activities; Arts, entertainment and recreation; Private Household with Employed Persons; and Other service activities.

(3) The total may not add up to 100% due to rounding.

*Source: National Statistical Office ("**NSO**"); Frost & Sullivan*

Aside from Singapore and Brunei which have smaller population sizes, Thailand's GDP per capita was the second highest among the SEA countries with USD7,337 (THB255,107) in 2023.

Chart 3-3: Nominal GDP Per Capita of Thailand and SEA Countries (USD), 2023

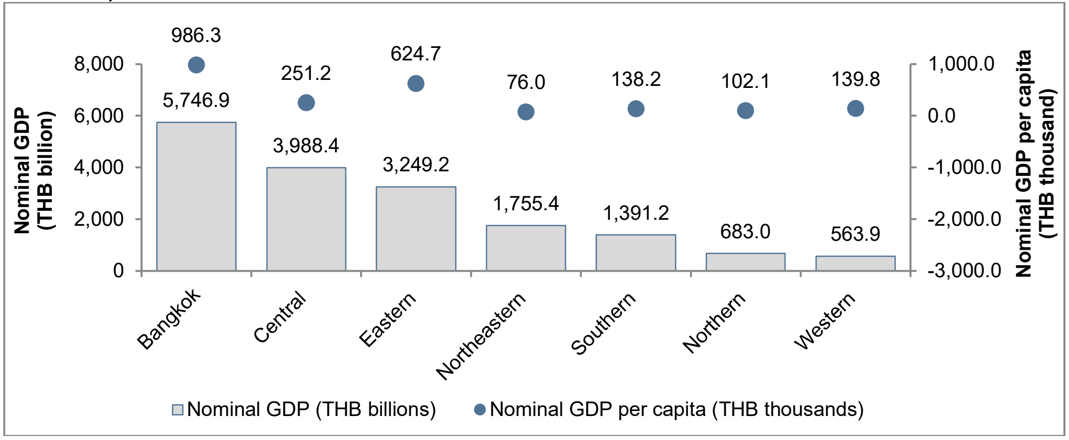


Source: IMF WEO Database April 2024)

3.1.2 Nominal GDP by Regions

Bangkok has the highest nominal GDP among the regions of Thailand, with a value of THB5,746.9 billion, followed by the Central region (excluding Bangkok) which recorded THB3,988.4 billion in 2022. Bangkok also had the highest nominal GDP per capita at THB986.3 thousand as compared to the Eastern region's of THB624.7 thousand. In terms of the region's contribution to Thailand's GDP, Bangkok accounted for 33.1% in 2022, followed by the Central region (excluding Bangkok) (23.0%), Eastern region (18.7%), Northeastern region (10.1%), Southern region (8.0%), Northern region (3.9%) and Western region (3.2%).

Chart 3-4: Nominal GDP and Nominal GDP per capita (at current prices) by Regions, Thailand, 2022



Notes:

(1) Provinces included under the Northeastern region are Nong Khai, Nakhon Phanom, Sakon Nakhon, Udon Thani, Nong Bua Lamphu, Loei, Mukdahan, Kalasin, Khon Kaen, Amnat Charoen, Yasothon, Roi Et, Maha Sarakham, Chaiyaphum. Nakhon Ratchasima, Buriram, Surin, Sisaket, Ubon Ratchathani and Bueng Kan;

(2) Provinces included under the Central region are Phitsanulok, Sukhothai, Phetchabun, Phichit, Kamphaeng Phet, Nakhon Sawan, Lopburi, Chainat, Uthai Thani, Singburi, Ang Thong, Saraburi, Phra Nakhon Si Ayutthaya, Suphan Buri, Nakhon Nayok, Pathum Thani, Nonthaburi, Nakhon Pathom, Samut Prakan, Samut Sakhon and Samut Songkhram;

(3) Provinces included under the Southern region are Chumphon, Ranong, Surat Thani, Nakhon Si Thammarat, Krabi, Phang Nga, Phuket, Phatthalung, Trang, Pattani. Songkhla, Satun, Narathiwat and Yala;

(4) Provinces included under the Northern region are Chiang Rai, Nan, Phayao, Chiang Mai, Mae Hong Son, Phrae, Lampang, Lamphun, and Uttaradit;

(5) Provinces included under the Eastern region are Sa Kaeo, Prachinburi, Chachoengsao, Chonburi, Rayong, Chanthaburi and Trat;

(6) Provinces included under the Western are region Tak, Kanchanaburi, Ratchaburi, Phetchaburi and Prachuap Khiri Khan.

(7) Data for Central region excludes Bangkok

(8) 2022 is the latest available data as at June 2024.

*Source: NSO; NESDC; Office of the Royal Society (“**ORST**”); Frost & Sullivan*

3.2 DEMOGRAPHICS

3.2.1 Population by Regions

The Northeastern region, by far the most populous region in Thailand, recorded 23.1 million people officially residing in it in 2023, mostly residing in the provinces of Nakhon Ratchasima, Ubon Ratchathani, and Khon Kaen. The Central region (excluding Bangkok) was the second most populated region in 2023 with 15.5 million people, followed by the Southern region with 10.1 million people.

Table 3-1: Population and Population Density by Regions in Thailand, 2023

Region	Population (million people)	Area (km^2)	Population Density (people/km^2)	No. of MR. DIY Thailand Stores	Population per Store	Area per Store (km^2)
Bangkok	5.8	7,763	752	103	56,311	75
Northeastern	23.1	168,855	137	142	162,676	1,189
Central (excluding Bangkok)	15.5	16,593	936	247	62,753	67
Southern	10.1	70,715	143	75	134,667	943
Northern	6.7	169,664	39	42	159,524	4,040
Eastern	5.2	36,502	143	87	59,770	420
Western	3.7	43,047	86	45	82,222	957
Thailand	**70.2**	**513,139**	**137**	**741**	**94,737**	**692**

Notes:

(1) Provinces included under the Northeastern region are Nong Khai, Nakhon Phanom, Sakon Nakhon, Udon Thani, Nong Bua Lamphu, Loei, Mukdahan, Kalasin, Khon Kaen, Amnat Charoen, Yasothon, Roi Et, Maha Sarakham, Chaiyaphum. Nakhon Ratchasima, Buriram, Surin, Sisaket, Ubon Ratchathani and Bueng Kan;
(2) Provinces included under the Central region are Phitsanulok, Sukhothai, Phetchabun, Phichit, Kamphaeng Phet, Nakhon Sawan, Lopburi, Chainat, Uthai Thani, Singburi, Ang Thong, Saraburi, Phra Nakhon Si Ayutthaya, Suphan Buri, Nakhon Nayok, Pathum Thani, Nonthaburi, Nakhon Pathom, Samut Prakan, Samut Sakhon and Samut Songkhram;
(3) Provinces included under the Southern region are Chumphon, Ranong, Surat Thani, Nakhon Si Thammarat, Krabi, Phang Nga, Phuket, Phatthalung, Trang, Pattani. Songkhla, Satun, Narathiwat and Yala;
(4) Provinces included under the Northern region are Chiang Rai, Nan, Phayao, Chiang Mai, Mae Hong Son, Phrae, Lampang, Lamphun, and Uttaradit;
(5) Provinces included under the Eastern region are Sa Kaeo, Prachinburi, Chachoengsao, Chonburi, Rayong, Chanthaburi and Trat;
(6) Provinces included under the Western region are Tak, Kanchanaburi, Ratchaburi, Phetchaburi and Prachuap Khiri Khan.
(7) Data for Central region excludes Bangkok.
(8) The total for 'Thailand' may not add up due to rounding.

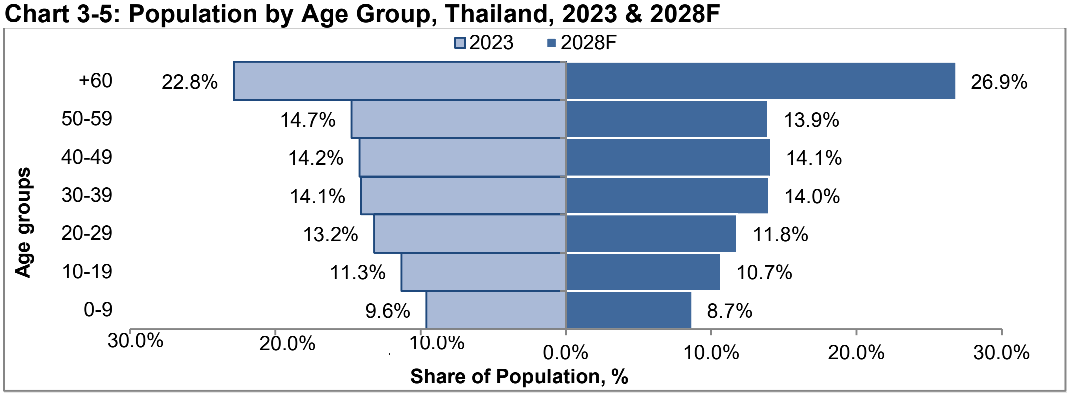
Source: NSO; NESDC; ORST; IMF WEO Database (April 2024); Frost & Sullivan

3.2.2 Population by Age Group

Thailand's population stood at 70.2 million in 2023 and is growing at a rate of around 0.1% per year. The low population growth rate is due to the low and declining fertility rate. Declining fertility rates have led to a declining number of births since the early 1970s and to a changing population structure as these smaller birth cohorts move up the population slope[6]. The population is expected to grow to 70.4 million people by 2028.

Although population size is not expected to change greatly in Thailand over the next two decades, Thai people are expected to live longer due to advancements in the healthcare sector and the trend of people living a healthier lifestyle. The increased life expectancy of the growing middle-income class will augment the spending power in the Thai economy in the foreseeable years, which would benefit the general home improvement and lifestyle segment, due to higher household spending. Furthermore, the population in the age group of 60 years old and above is expected to grow in 2028, which is also beneficial to the general home improvement and lifestyle segment since gardening is common among the elderly people who spend their free time gardening more than other age groups[7].

Chart 3-5: Population by Age Group, Thailand, 2023 & 2028F



Note: The total may not add up to 100% due to rounding.

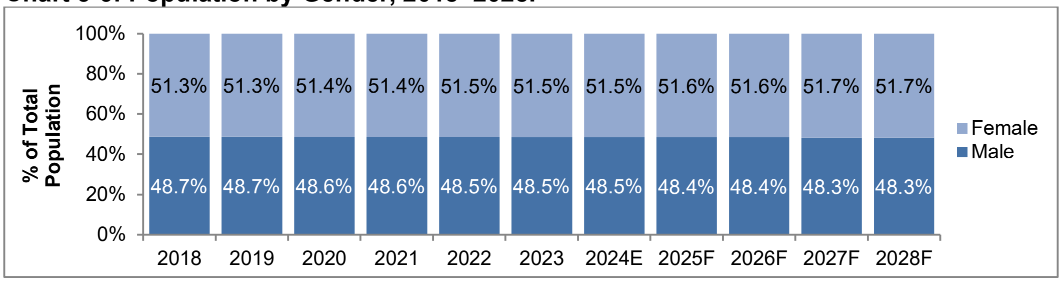
Source: IMF WEO Database (April 2024); United Nations (World Population Prospects 2022)

[6] Bangkok Post, "Low birth rate worries expert", February 2022
[7] Thai Health, "Elderly and gardening create physical and mental balance", September 2022

3.2.3 Population by Gender

Like many parts of the world, women have longer life expectancy than men[8]. A similar situation is observed in Thailand where women have outnumbered men at 51.5% to 48.5% in 2023, and the gender gap is likely to grow wider in the coming years. The large female population can be beneficial to the home improvement industry as more women are taking an active role in "do-it-yourself" ("**DIY**") home improvement activities. According to a study, the top DIY projects completed by women are landscaping/gardening, painting/wallpapering, light fixture repair/installation, and plumbing repair/installation[9].

Chart 3-6: Population by Gender, 2018–2028F



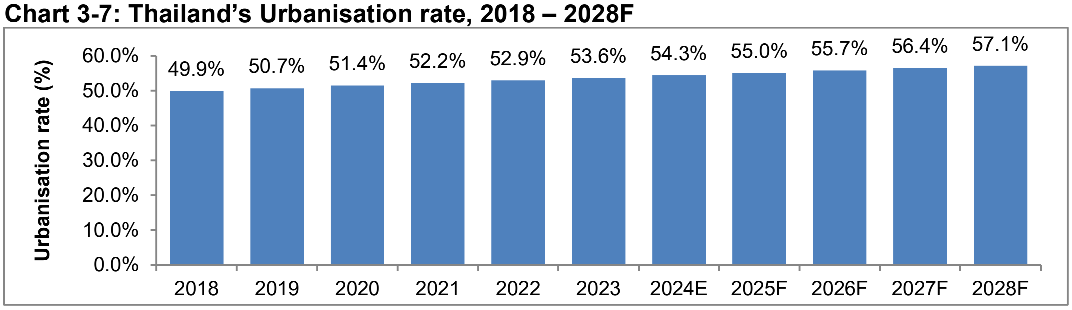
Source: United Nations (World Population Prospects 2022)

3.2.4 Urbanisation Rate

Thailand is transforming from a predominantly rural country to an increasingly urban country. In 2023, more than half of the population lived in cities and urban areas, and between 2018 and 2028, the total urban population is expected to increase from 49.9% (34.7 million people) to 57.1% (40.2 million people). Overall, people move to urban areas in search of a better standard of living and economic prospects, contributing to the growth of disposable income and consumption.

Urbanisation encourages the development of new residential properties and townships, driving the demand for home improvement and lifestyle products in line with the increase in home dwellers. The development of new urban areas and expansion of existing ones are key factors for home improvement retailers when deciding on new locations to open their stores. In fact, proximity is an important factor influencing consumer decisions on everyday purchases. According to a survey, 93.2% of the respondents typically travel less than 20 minutes to get their daily necessities[10]. Hence, local neighbourhood retailers are important in new urban areas as people like to shop closer to home.

Chart 3-7: Thailand's Urbanisation rate, 2018 – 2028F



Source: United Nations (World Urbanization Prospects 2018); Frost & Sullivan

Among the SEA countries, Thailand's urbanisation rate of 53.6% is slightly above the SEA average of 51.7% in 2023. Hence, there is a potential for the home improvement industry to grow in Thailand given that as more urban areas are being developed, more new home owners would want to purchase home improvement products to furnish or decorate their homes.

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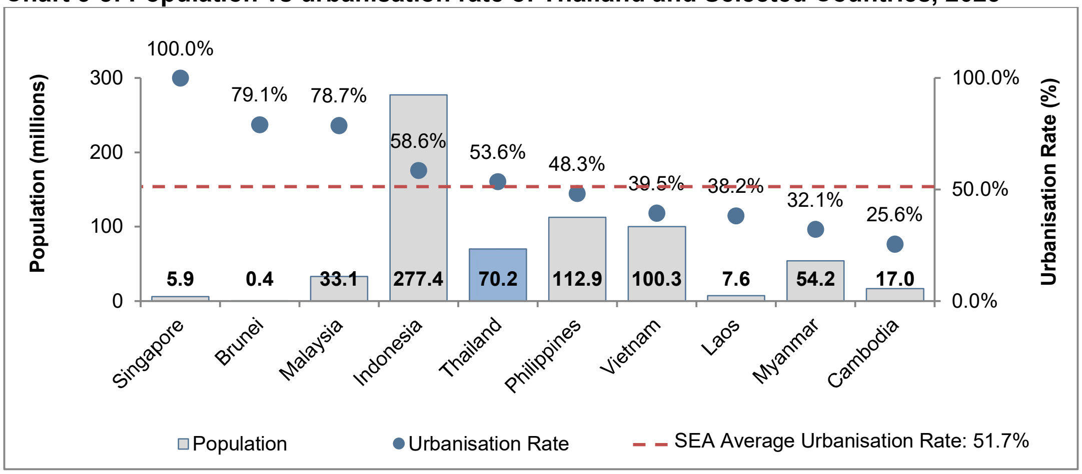
[8] Harvard Medical School, 'Why men often die earlier than women', June 2020
[9] Supermarket News, "78% of women identify as the primary household shopper", April 2023
[10] CSP, "Consumers Like to Shop Close to Home: Study", November 2016

Table 3-2: Thailand's Urbanisation rate vs SEA Countries, 2018-2024E

	2018	2019	2020	2021	2022	2023	2024E	Change 2018-2024E
Singapore	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Brunei	77.6%	77.9%	78.3%	78.6%	78.9%	79.1%	79.4%	1.8%
Malaysia	76.0%	76.6%	77.2%	77.7%	78.2%	78.7%	79.2%	3.2%
Indonesia	55.3%	56.0%	56.6%	57.3%	57.9%	58.6%	59.2%	3.9%
Thailand	**49.9%**	**50.7%**	**51.4%**	**52.2%**	**52.9%**	**53.6%**	**54.3%**	**4.4%**
Philippines	46.9%	47.1%	47.4%	47.7%	48.0%	48.3%	48.6%	1.7%
Vietnam	35.9%	36.6%	37.3%	38.1%	38.8%	39.5%	40.2%	4.3%
Laos	35.0%	35.6%	36.3%	36.9%	37.6%	38.2%	38.9%	3.9%
Myanmar	30.6%	30.9%	31.1%	31.4%	31.8%	32.1%	32.5%	1.9%
Cambodia	23.4%	23.8%	24.2%	24.7%	25.1%	25.6%	26.0%	2.6%
SEA	**48.9%**	**49.4%**	**50.0%**	**50.5%**	**51.1%**	**51.7%**	**52.2%**	**3.3%**

Source: United Nations (World Urbanization Prospects 2018); Frost & Sullivan

Chart 3-8: Population vs urbanisation rate of Thailand and Selected Countries, 2023



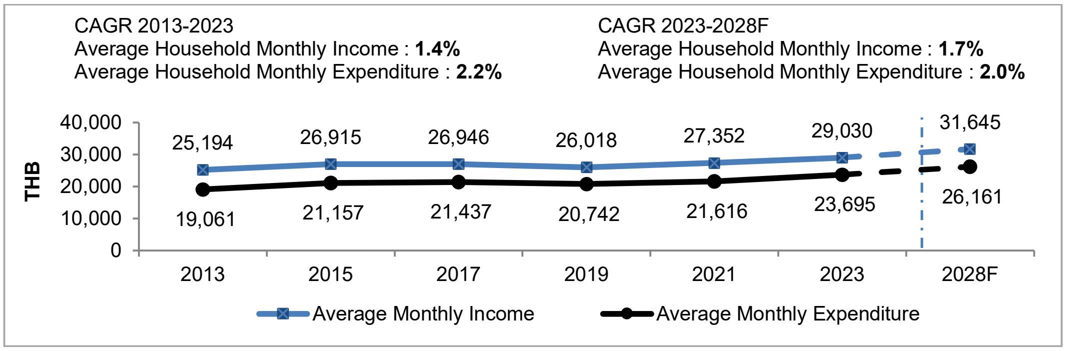
Source: IMF WEO Database (April 2024); United Nations (World Urbanization Prospects 2018); Frost & Sullivan

3.3 HOUSEHOLD INCOME AND EXPENDITURE

Thailand's average household monthly income increased between 2013 and 2023 as the country continues to showcase encouraging economic progress. The growing income led to higher average household monthly expenditure, including expenditure on home improvement products, during the same period. In 2020, the Thai Government increased the daily minimum wage rates. Another revision was made in 2022[11], and recently in 2024[12]. The upward trend of household income is expected to remain and since income is mostly used to fund consumption, the increase in wages will be a key driver of household consumption expenditure. Other factors such as overall growth of the economy, interest rates, inflation, confidence, saving rates, and credit availability, will also influence consumer spending.

[11] ASEAN Briefing, 'Thailand Increases Daily Minimum Wage Rates for 2022', October 2022
[12] Thai PBS World, "Cabinet agrees minimum wage increases", December 2023

Chart 3-9: Average Household Monthly Income and Expenditure (in THB) in Thailand, 2013 – 2028F



Source: NSO; Frost & Sulivan

In line with the growing average household income, the number of households with an income below THB10,000 is declining, contributing to greater household purchasing power for various items[13], including the purchase of home improvement products.

Table 3-3: Percentage of Households by Average Monthly Income Group, Thailand, 2013-2023

Income Group	Average Monthly Income	2013	2015	2017	2019	2021	2023	Change 2013-2023
Low	**≤THB10,000**	25.4%	20.9%	21.9%	18.3%	18.3%	14.7%	-10.7%
	THB10,001-THB30,000	51.1%	52.4%	51.5%	53.2%	53.2%	53.8%	2.7%
Middle	**THB30,001-THB50,000**	13.7%	15.6%	15.5%	17.1%	17.1%	19.0%	5.3%
High	**THB50,001-THB100,000**	7.5%	8.9%	8.6%	9.1%	9.1%	10.4%	2.9%
	≥THB100,001	2.2%	2.3%	2.5%	2.3%	2.3%	2.1%	-0.1%

Source: NSO; Frost & Sullivan

3.4 Overall Consumption Trends

As one of the most influential economies in SEA, Thailand's thriving retail industry has become a point of interest among domestic and international consumers. Its capital city, Bangkok, is the country's major hub for spending, attracting tourists with the variety of products and services offered.

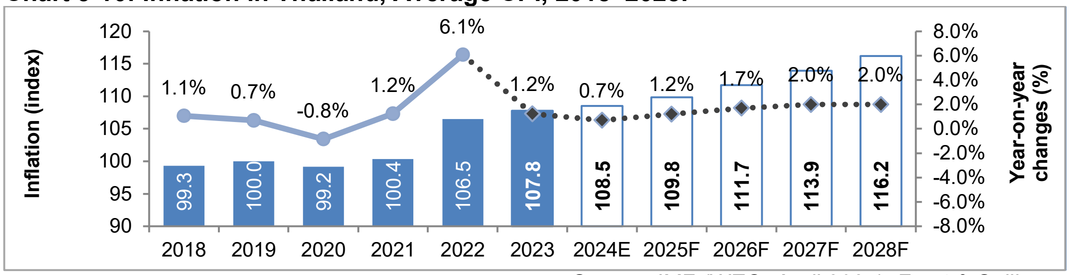
The recovery of the tourism sector, expansion of the public and private consumption and acceleration of public expenditure are expected to support economic growth in 2024[14]. Going forward, spending on discretionary items will pick up, underpinned by pent-up demand. By 2030, 90% of Thailand's population could belong to the consuming class[15]. Smaller household size (as more people living alone will create a change in consumption patterns), aging population (consumption by senior citizens is expected to double the rate of population growth over the next decade), increase in digital natives (with the Generation Z (those born during 1997 – 2012) expected to increase to 40% by 2030), and increase in female labour participation, are some of the key factors expected to boost consumption[16].

Notwithstanding the growth of the average household income in Thailand, the demand from low to middle-income consumers continues to remain price sensitive. This is due to the rising cost of living due to inflationary pressures. The average consumer price index ("**CPI**") hit a 24-year high of 6.1% in 2022, mainly driven by rising energy prices[17], and normalised to 1.2% in 2023. Inflationary pressure is estimated to be between 0.7% and 2.0% in the forecasted period up to 2028 as food prices are expected to decrease as supply in the market increases, labor market conditions continue to improve and there is an overall improvement in the trade balance. This in

[13] Saylor Academy, "Consumer Income, Purchasing Power, and Confidence", accessed in August 2023
[14] BoT, "Economic Outlook", April 2024
[15] Defined by McKinsey as spending more than USD11 a day in purchasing power parity terms and therefore able to afford not only basics like food and housing, but also discretionary spending
[16] Bangkok Post, "The emergence of new consumer segments and implications for companies in Asia and Thailand", October 2021
[17] BoT, "Policy Interest Rate",12 June 2024

turn will continue to drive price-sensitive low to middle-income consumers to search for deals when making their purchases. Accordingly, retailers that operate at scale and offer cheaper prices than competitors are better positioned to attract this large segment of the demand.

Chart 3-10: Inflation in Thailand, Average CPI, 2018–2028F

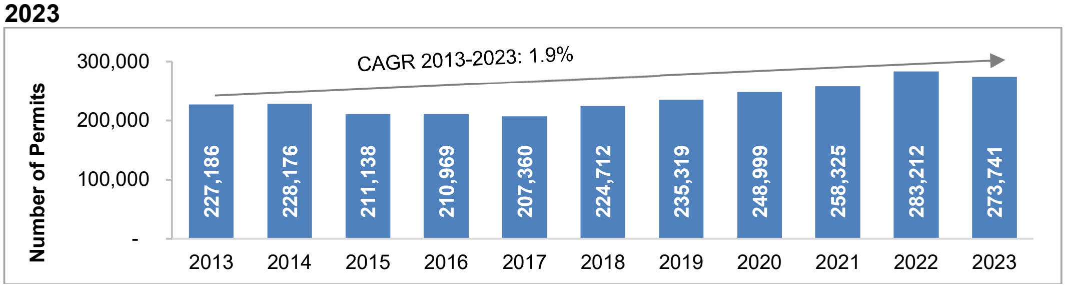


Source: IMF (WEO, April 2024); Frost & Sullivan

3.5 HOUSING DEVELOPMENT

The real estate industry in Thailand is growing, including the residential sector. This is evident from the growth of the residential building construction permits approved between 2013 and 2023, indicating constant demand for residential property due to growing population, increasing urbanisation and higher income level, among others. The newly built residential buildings can drive the home improvement industry as there will be more new home dwellers that would want to decorate their new homes.

Chart 3-11: Number of Permits for Construction of Residential Building, Thailand, 2013-2023



Source: NSO; Frost & Sullivan

The Thai Government is committed to developing affordable housing and providing home ownership to 5.9 million low and middle-income households by establishing the '20-Year Master Plan for Housing Development 2017–2036'[18]. To ease the financial burden and to increase access to affordable housing, the Thai Government will also help to provide financial assistance to the targeted households.

Aside from the initiatives on building affordable housing for low and middle-income households, the Thai Government has also put in place policies for the wider public to strengthen the real estate industry and to encourage property ownership, effective starting on January 1, 2023. For example:

- Reduction of the government fees for registering the sale and mortgage of certain types of immovable property or condominium units in 2023; and
- Reduction in property transfer and mortgage registration fees.

As of June 2024, the Thai Government continues to review amendments to the Condominium Act and will study the feasibility of raising the level of foreign ownership allowed in condominiums from 49% of a building's usable space to 75%[19] as an effort to stimulate the economy. Since Thailand is the most visited country in Southeast Asia[20], the passing of amendments to the

[18] National Housing Authority, "National Housing Authority Sustainable Finance Framework", August 2021
[19] Bangkok Post, "Foreign condo ownership quota being reviewed", June 2024
[20] Asia Media Centre, "The Tourism Recovery in South East Asia: Twelve Months On", April 2023

Condominium Act can attract more foreign property buyers, especially for those seeking a second home in Thailand.

4 MARKET SIZE OF THE THAI HOME IMPROVEMENT INDUSTRY

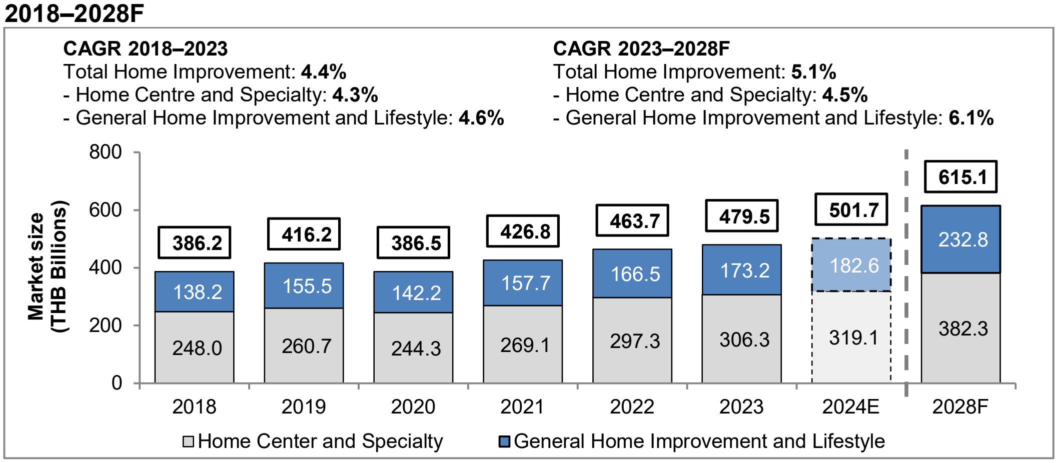
4.1 MARKET SIZE

The home improvement industry in Thailand recorded a CAGR of 4.4% from THB386.2 billion in 2018 to THB479.5 billion in 2023. The market declined in 2020 due to the widespread impact of the COVID-19 pandemic but recovered in 2021, higher than pre-pandemic level (2019), due to the emergence of new players, expansion of existing players, and strong consumer purchasing power.

Between 2018 and 2023, the home centre and specialty retail segment accounted for a bigger portion of the home improvement industry selling items which have higher price points such as bath fittings and kitchenware, tiles, ceramics and flooring, and home textiles, among others. Nonetheless, the general home improvement and lifestyle retail segment drove the growth of the home improvement industry due to new players entering the market and existing players expanding their presence, serving a larger consumer base selling a wide range of consumables or daily use products ranging from household, hardware, furnishing, sports, stationery, electronics, toys, car accessories, gifts, jewellery and cosmetics, and others.

The home improvement retail sector is expected to grow steadily throughout the forecast period (2024-2028), driven by the general home improvement and lifestyle retail segment, specifically the chain retailers in the segment. The increasing urbanisation rate, continuous housing development, and growing number of middle-income class households are some of the key factors that are expected to drive sales growth of the home improvement retailing market in the forecast years. Additionally, comparing to the home centre and specialty retail segment, it is relatively easier for the chain retailers in the general home improvement and lifestyle retail segment to scale their business and open new branches as it requires lower capital expenditure as their store size is much smaller, hence they do not require high investment on buying or renting property, and the items they are selling are those consumables or daily use products which are not high in value. For example, MR. DIY Thailand and Moshi Moshi, key chain retailers in the general home improvement and lifestyle retail segment, plan to open 195 stores and 30 stores[21] in Thailand respectively in 2024, whereas HomePro and Global House, key chain retailers in the home centre and specialty retail segment, plan to open 3 to 4 stores[22] and 8 stores[23] in Thailand respectively in 2024.

Chart 4-1: Market Size of Home Improvement Retail Sector (in THB billions), Thailand, 2018–2028F



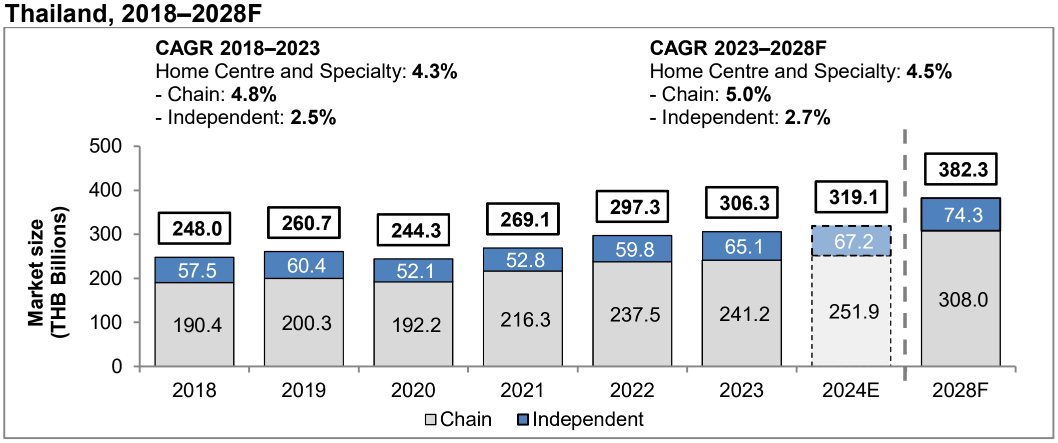
Source: Frost & Sullivan

[21] Moshi Moshi Retail Corporation PCL, "Q1' 2024 Financial Performance", May 2024
[22] HomePro PCL, "SET Opportunity Day 1Q24 Results", May 2024
[23] Siam Global House PCL, "Opportunity Day Q1/2024", May 2024

Within the home centre and specialty retail segment, chain retailers accounted for a bigger portion of the segment between 2018 and 2023. HomePro, Thai Watsadu, Global House and Dohome are some of the major chain retailers in the home centre and specialty retail segment. These major players usually have large store format of more than 10,000 square metres, invest heavily in technology (e.g. have own mobile app and implement the Automated Storage and Retrieval System ("**ASRS**")[24]), and have their own delivery system. It is also observed that, even though this segment was affected by COVID-19 pandemic outbreak in 2020, the revenue of most of the key chain players in the segment already recovered to pre-pandemic level in 2021 and registered higher revenue in 2022 and 2023.

The home centre and specialty retail segment is expected to continue to grow in the next five years driven by chain retailers due to store expansion, additional distribution channel such as marketplaces (e.g. Shopee, Lazada and TikTok), product customisation, and customer loyalty programme, among others.

Chart 4-2: Market Size of Home Centre and Specialty Retail Segment (in THB billions), Thailand, 2018–2028F



Source: Frost & Sullivan

Within the general home improvement and lifestyle retail segment, independent retailers accounted for a larger portion of the segment between 2018 and 2023. Nonetheless, chain retailers were driving the segment's growth. The whole segment was affected by the COVID-19 pandemic outbreak in 2020 due to the lockdown and movement restriction to control the spread of the virus and due to the economic impact leading to lower purchasing power and gloomier job prospects. Chain retailers that operate in malls were the most affected, due to the significant decline in mall footfall, as customers preferred to do their purchases in shopfront open areas, compared to in crowded indoor areas such as malls. MR. DIY Thailand's mixed store formats, of standalone shopfront and mall stores, together with the continuous opening of stores, helped the Group to grow its revenue even during the pandemic period (2020 and 2021).

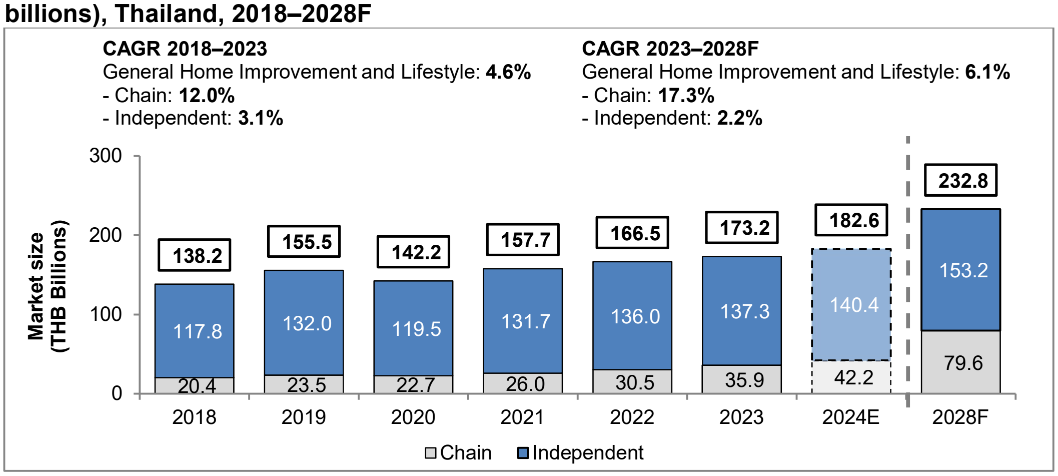
The general home improvement and lifestyle retail segment in Thailand is expected to record higher CAGR between 2023 and 2028 of 6.0% compared to the CAGR between 2018 and 2023 of 5.0%. The higher CAGR indicate that the segment is still under penetrated and there are still untapped areas for the retailers to continue to grow. Moving forward, chain retailers are expected to continue to drive the general home improvement and lifestyle segment mainly due to rapid store expansion by key players such as MR. DIY Thailand, Moshi Moshi and Miniso, among others. MR. DIY Thailand and Moshi Moshi plan to open 195 stores and 30 stores in Thailand respectively in 2024, while Miniso plans to have a presence in 72 provinces in the next few years from its presence in 22 provinces in 2022[25]. Additionally, chain retailers are expected to drive the growth of the general home improvement and lifestyle segment as they are able to scale by replicating their business model, capitalising on their established brand name and operational

[24] ASRS is a system that handles, stores and retrieves materials with precision, accuracy and speed that is being implemented by major player such as HomePro and Global House
[25] PR Newswire Asia, "MINISO Launches New Zootopia and Monsters University Blind Boxes in Thailand", August 2022

processes. Moreover, chain retailers typically have higher capital at their disposal, which enables them to fund their expansion.

Store expansion by chain retailers enables them to penetrate new markets thus increasing sales as more outlets mean more opportunities to reach a wider audience and increase revenue. Hence, the composition of chain retailers grew from 2018 to 2023 and is expected to continue to grow from 2023 to 2028. Additionally, higher number of stores also allows chain retailers to benefit from economies of scale, which can lead to cost savings thus enabling them to sell products at a more competitive pricing compared to independent retailers. Hence, customer may prefer to shop at chain stores than independent stores due to the attractive pricing. Since chain retailers have been dominating the home centre and specialty retail segment, a similar situation can be expected in the general home improvement and lifestyle segment as well since chain retailers are expected to continue to drive the segment during the forecasted period of 2024 to 2028, hence paving the way for the proportion of chain retailing in the general home improvement and lifestyle segment to grow.

Chart 4-3: Market Size of General Home Improvement and Lifestyle Retail Segment (in THB billions), Thailand, 2018–2028F



Source: Frost & Sullivan

The market size of chain retailers in the general home improvement and lifestyle retail segment is expected to grow between 2023 and 2028 mainly due to the rapid expansion of new stores by the chain retailers in the segment, especially by key players such as MR. DIY Thailand, Moshi Moshi and Miniso. The rapid store expansion by key players is also driven by customers demand for modern stores as they prefer to shop for home improvement products in a store with good layouts and where the products are displayed neatly, which is typically available at modern home improvement stores by chain retailers such as MR. DIY Thailand. This is evident as according to NielsenIQ study, 92% of shoppers prefer to shop in a well-organised home improvement stores with a pleasant ambience and 'well-presented product display[26]. Chain retailers in the general home improvement and lifestyle segment represent only 20.7% of the total market size in 2023. This indicates a low penetration of modern retailing compared to that of other industries. For example, modern retailers represented ~46% of the grocery retail industry in Thailand already in 2020. Therefore, chain general home improvement and lifestyle retailers have ample room to gain share from independent retailers that, as of 2023, adopt a more traditional in-store experience[27].

[26] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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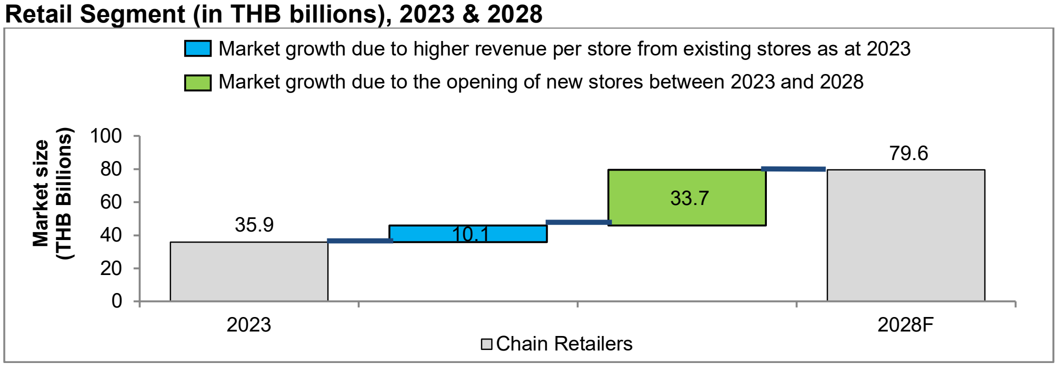
[27] McKinsey: Navigating market headwinds: The state of grocery retail 2022, December 2022

The average revenue per store is also expected to be higher following the recovery of the tourism sector and domestic consumption which helps to increase the existing stores' foot traffic and the average basket size. As Thailand's economy is expected to grow which can contribute to higher income, revenue from existing stores is expected to increase due customers' increasing purchasing power which can lead to the increase of basket size from existing customers and sales from new customers. Additionally, retailers also may venture into new product segments, thus contributing to higher revenue from existing stores.

Chart 4-4: Revenue of Chain Retailers in the General Home Improvement and Lifestyle Retail Segment (in THB billions), 2023 & 2028



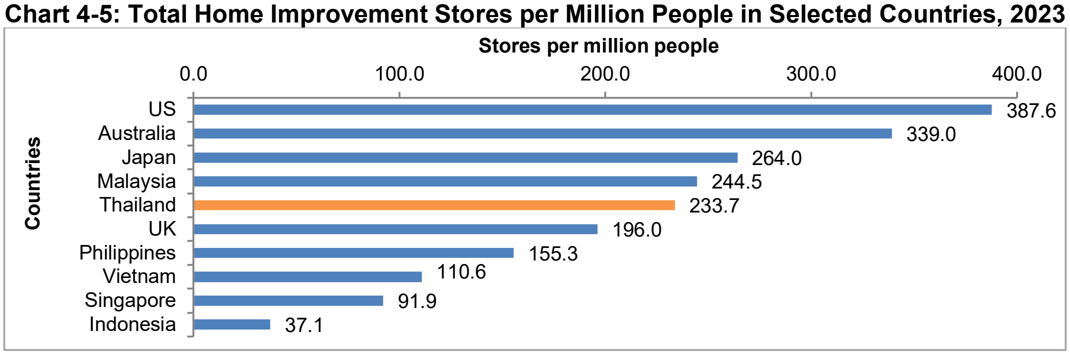
Source: Frost & Sullivan

4.2 COUNTRY COMPARISON

The number of home improvement stores per million people in Thailand is relatively low and underpenetrated compared to more developed economies such as the United States ("**US**"), Australia and Japan. Thailand's growing economy coupled with increasing disposable income, and urbanisation encourage the development of new residential properties and townships, which presents opportunities for home improvement retailers to set up new stores in previously underserved areas, creating favourable conditions for expansion of home improvement stores.

In comparison, lower number of stores per million people in Thailand and the selected SEA countries suggests that home improvement stores have more room for store count growth moving forward. A higher number of stores can enhance accessibility and consumer convenience, thereby spur the growth of home improvement industry in Thailand and the selected SEA countries.

Chart 4-5: Total Home Improvement Stores per Million People in Selected Countries, 2023



Note: The definition of the home improvement retail industry may be different across countries. Hence, the data in the chart above may not be comparable between countries, and should be used as an indicative reference only.

Source: Frost & Sullivan

Thailand, Vietnam, Malaysia, Philippines and Indonesia are projected to have the fastest growth rate of home improvement retail sales per capita over the period from 2023 to 2028. This growth is driven by the increasing acceptance of the "do-it-yourself" trend due to online influences and cultivation of this culture through the offline community. People continue to be interested in DIY projects to make their home more comfortable, appealing and livable. Additionally, the cost to hire people is getting more expensive in Thailand and other selected SEA countries, encouraging people to embark on a DIY journey as a way to save money.

Furthermore, Thailand and other selected SEA countries (except Singapore) have lower GDP per capita as at 2023. These countries are forecasted to have faster growth of GDP per capita from 2023 to 2028 than the selected developed countries. Higher GDP per capita indicates higher income growth, where higher disposable income can lead to higher expenditure in home improvement products, thus driving the growth of home improvement sector in Thailand and other selected SEA countries.

Table 4-1: Growth in Retail Sales of the Home Improvement Retail Sector per Capita in Selected Countries (Based on Local Currency), CAGR 2018-2023, CAGR 2023-2028F

Countries	CAGR 2018-2023	CAGR 2023-2028F
US	4.3%	2.9%
Australia	3.8%	2.7%
UK	3.4%	3.1%
Japan	3.4%	3.5%
Thailand	**4.2%**	**5.0%**
Vietnam	3.8%	8.6%
Singapore	5.1%	3.9%
Malaysia	6.3%	5.9%
Philippines	2.1%	8.4%
Indonesia	6.2%	9.1%

Note: The definition of the home improvement retail industry may be different across countries. Hence, the data in the table above may not be comparable between countries, and should be used as an indicative reference only.

Source: Frost & Sullivan

4.3 INDUSTRY DRIVERS

The changing demographic profiles of Thai consumers

Thailand's urbanisation rate increased between 2018 and 2023 according to Chart 3-7. The growing urbanisation rate encourages the development of new residential properties and townships, thus driving the demand for home improvement items in line with the increase in home dwellers. Additionally, urbanisation has been one of the main underlying drivers as more and more individuals begin branching out to live independently from their parents or to live with their friends in metropolitan areas. This has resulted in an increase in the number of households and consequently, higher purchases of home improvement items. Urbanisation is driven by the search for better work and financial prospects, as well as higher education, all of which exemplify the country's economic progress towards becoming a more developed nation. As these socioeconomic developments in Thailand continue, the number of small-sized households and average income are expected to continue their growth and as a reflection of this progress, the home improvement market is expected to experience a sizeable amount of growth. Even though urbanisation is one of the key drivers for the growth of the home improvement industry, retailers that operate in the less urbanised or rural areas still thrive due to the large consumer base; almost half of the Thai population will still reside in rural areas during the forecasted period until 2028. Most retailers in less urbanised and rural areas are traditional independent retailers. Hence, modern home improvement retailers expanding in these areas have the opportunity to attract customers' desire for a modern retailer experience, with a wide product selection, newer, attractive and organised store layouts, and competitive prices.

Positive economic growth

Thailand's economy is expected to grow during the forecasted period according to Chart 3-1. Recovering tourism, growing household spending, investment, and improving employment will be the key factors driving economic growth from 2024 to 2028. Thailand's positive economic outlook can drive the home improvement industry, particularly the general home improvement and lifestyle segment, as products in this segment can be considered as home essentials to make the house liveable and comfortable, hence these products are resilient to the economic cycle. These products such as kitchenware, housekeeping products, hardware and gardening tools, living and bathroom accessories, storage and organisers, and stationeries, among others, are sold in general home improvement and lifestyle stores.

Increasing household income

Thailand's economy grew between 2018 and 2023 which contributed to the overall growth in household income as stated in Chart 3-9. Growing household income allows consumers to spend more on non-grocery items such as home repair and maintenance, furniture and home appliances, recreation and sports equipment, toys, pet products and gardening tools which are sold at home improvement and lifestyle stores. The positive economic situation in Thailand is expected to continue in the next five years, thus increasing the country's household income and supporting the growth of the home improvement industry.

Table 4-2: Average Household Monthly Expenditure on Selected Items[(1)], (THB) in Thailand, 2018–2023

	2018	2019	2020	2021	2022	2023	CAGR 2018-2023
Average Household Monthly Expenditure on Selected Items (THB)	1,563	1,671	1,556	1,673	1,790	1,903	4.0%

Note: (1) Selected items refers to repair/maintenance of dwelling, furniture, household major equipment and small appliances, textiles, cleaning supplies, apparel and footwear, personal care, recreation, sports equipment, toys, pet products and gardening tools.

Source: NSO; Frost & Sullivan

More value for money

The prices of essential goods and services, such as food, housing healthcare and education, are increasing steadily due to the post-COVID-19 surge in economic activity[28]. Additionally, as per Chart 3-9, the average household monthly expenditure is expected to grow faster than the average household monthly income between 2023 and 2028. This indicates that the current cost of living is outpacing Thais' income growth. Accordingly, to cope with the higher cost of living, consumers are likely to continue to prefer products that have higher value-for-money. Customers who are looking for a good deal are more deliberate in their purchases. They are always on the lookout for an affordable, quality product, and product prices that are in line with the actual value of the products. This is evident as according to a NielsenIQ study, 'products that are value for money' and 'low prices for most items' ranked as the second and fourth most important factors for choosing home improvement stores by shoppers[29]. Chain retailers can offer more value for money to customers since they operate at scale by purchasing items in bulk at a lower cost, hence passing the cost saving to their customers.

Growth in e-commerce retail transactions

The COVID-19 pandemic outbreak transformed consumer spending habits in Thailand, which resulted in spikes in online shopping .The gross merchandise value of e-commerce industry in Thailand grew at a CAGR of 49.0% from USD3.0 billion[30] (approximately THB96.9 billion) in 2018 to USD22.0 billion (approximately THB765.3 billion) in 2023 and is expected to reach USD30.0 billion (THB1,043.5 billion) in 2025[31]. To capitalise on this consumer trend, home improvement retailers started to sell products online to complement their brick-and-mortar operations, either through their own websites and/or are partnering with business-to-consumer (B2C) e-commerce platforms such as Shopee, Lazada and TikTok.

Also, retailers are leveraging factors such as the significant increase in internet and smartphone penetration in the country[32] to market their products through social media marketing. Home

[28] Krungsri Research, "Where next for the Thai economy, now that inflation is rising and the recovery remains uneven?", April 2022
[29] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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[30] Google, Temasek, Bain, "e-Conomy SEA 2018", 2018
[31] Google, Temasek, Bain, "e-Conomy SEA 2023", November 2023
[32] Statista Digital Market Outlook, "Number of smartphone users in Thailand from 2017 to 2020 with a forecast through 2026", last updated 2022

improvement retailers can increase their potential customers base through social media. Consumers prefer to engage with and learn about brands via their favourite social media platform, and their purchasing decisions are largely influenced by the reviews from other social media users in the comment section. Investment in content and social media is complementing traditional search-based media strategies to accelerate brand building and revenue transformation with a broader consumer base

5 DYNAMICS OF THE THAI HOME IMPROVEMENT INDUSTRY

5.1 VALUE CHAIN

Below is a simplified version of the value chain of the home improvement industry.

- **Manufacturers** produce different products to be sold to consumers by retailers;
- **Aggregators and exporters/importers** act as the facilitators between the manufacturers and retailers. They facilitate the product offerings and transportation process between manufacturers and retailers for imported goods that require import licenses;
- **Logistics service providers** help in storing and moving the products from the manufacturers to the retailers;
- **Retailers** sell the products to customers via physical retail stores or online platforms;
- **Customers** are the purchasers and, at times, also the end users of the products.

Figure 5-1: Home Improvement Industry Value Chain, 2024

Source: Frost & Sullivan

The key manufacturers of imported products (both non-branded and branded products), sold by home improvement retailers, are usually from Asia (mainly China) as well as western countries. For local products, retailers do not engage aggregators and exporters, and retailers that purchase products in bulk can source products directly from the manufacturers at a lower cost per unit, and sell products to customers at a cheaper price than competitors while retaining healthy profit margins.

Some retailers may also have their own white label house brand products (they make bulk purchases of non-branded products and repackage them under the retailers' brand or company name). Some retailers can also be exclusive distributors of branded products, allowing retailers to have a guaranteed stock inventory and achieve economies of scale in their operations.

Ultimately, retailers sell the products to consumers either through physical retail stores (i.e. shopping malls or standalone shopfront) or online.

5.2 EVOLUTION OF RETAIL SALES CHANNELS

The retail landscape in Thailand has evolved over the years along with the modernisation and urbanisation of the country. Retail activities for home improvement are gradually shifting from traditional to modern retail channels.

Independent home improvement retailers fall under the traditional retail, or general retail category, and are often termed as mom-and-pop stores, where in most cases their business models are less structured and are often operated by individuals or as family businesses. As these entities are usually operating at a small scale, traditional retailers usually focus on a single product segment, for instance either hardware or household items. More often, household items may be available in local sundry shops. Traditional retailers may carry limited products in limited quantity as they usually focus to cater for the demand of the households within the vicinity.

The growth of chain home improvement retailers that fall under the modern retail channels category has been more prominent after the 1990s, as indicated by the rise of shopping centres in large cities. Modern retail channels are generally characterised by higher number of stock keeping units ("**SKUs**"), self-service and direct billing. Most modern retail stores are owned by large corporate entities and are established as business chains with a broader geographical coverage.

Home improvement retailers generally utilise a mix of channels to reach their end consumers. The main channels used by home improvement retailers include:

(i) Shopping malls: An enclosed area with a large number of stores generally grouped together in specific areas based on the products or services offered. The shopping mall experience is highly popular in SEA countries, such as that in Thailand, due to the combination of shopping, entertainment, wellness, dining, and learning among other activities. Some of the shopping malls in Thailand are also built as part of the mixed developments of residences, hotels, offices, parks and public amenities.

Retailers that open their stores at malls can enjoy high traffic footfall due to the presence of multiple retail brands, convenience of ample parking space and not being affected by weather conditions.

(ii) Standalone shopfront: Defined as small buildings, usually less than three stories high, usually built within a township or nearby community, which usually cater to mixed commercial-residential purposes or for a fully commercial purpose. While generally being conducted at the ground level of the shop lot, retail activities can at times extend to the higher floors of the building.

Retailers that open their store at standalone shopfronts typically have higher conversion rate as customers usually go into the shop with the intention to buy. Additionally, retailers operating at standalone shopfronts can set their own operating hours and might have lower operating costs as they can negotiate the lease rate directly with the landlord and they do not have to pay for common area maintenance. By operating in standalone shopfront stores, retailers are also able to access underpenetrated areas such as neighbourhood, suburban and rural areas which have low competition from larger players that operate in large store format (e.g. more than 10,000 square metres).

(iii) Online retailing: Virtual stores or e-retailing. Products are sold either directly within the retailer's website or within third-party websites such as online marketplaces.

Compared with traditional retail channels, modern retail channels have a larger operating scale. The modern retail channels do not focus on a single product segment, but offer a variety of products, including other consumables or daily use products, white label, non-branded, as well as local and foreign branded products.

Growth of omnichannel

Omnichannel refers to the integration of various shopping channels used by customers in modern trade retailing, to provide customers with a unified and consistent retail experience. Customer behavior is trending towards a shopping experience that seamlessly integrates both online and in-store channels. For example, customers have options to purchase products in-store, online on the website, on mobile applications, via social medias, and via a call centre, with the option to have the products to be delivered or picked up at their preferred branch location. Moving forward, more retailers are expected to adopt the omnichannel strategy to stay competitive and to cater to different customers' behavior and preferences of shopping channels. By offering multiple shopping avenues, retailers can provide a seamless and cohesive experience to the customers. Hence, enhancing customer satisfaction and loyalty.

5.3 INDUSTRY RISKS AND CHALLENGES

Intense competition to grow brand equity

The retail market in Thailand is highly fragmented and competitive in nature. The market is characterised by the presence of both international and local players operating across the country. Rising competition coupled with changing consumer demand is forcing retailers to have innovative marketing strategies to maintain their customer base. The higher the competition, the harder it is to retain customers. Nonetheless, existing players with a strong market presence through large store networks will have strong brand identity, while their ability to adapt to new market environments and dynamic consumer demand can lead to a strong brand image. These factors can contribute to high brand equity, thus giving them more advantages to attract new customers and retain existing customers over new entrants.

Increasing operational costs

Thailand's growing minimum wage levels, rising labor cost in countries where the products are imported from, and the rising energy cost, cost of fuel and transportation are some of the factors driving up costs for home improvement retailers. While rising operating costs may diminish home improvement retailers' profitability, participants with a high number of stores may be able to achieve superior economies of scale, allowing them to remain competitive and profitable in comparison to home improvement retailers with a smaller number of stores.

High price sensitivity of customers

When it comes to pricing, Thai retailers' top business challenge has always been and continues to be consumer price sensitivity. According to a NielsenIQ study, 'products that are value for money' and 'low prices for most items' ranked as the second and fourth most important factors for choosing home improvement stores by shoppers[33], thus it is expected that people will be more conscious about how much and where they spend. Nonetheless, retailers that operate at scale and offer cheaper prices than competitors are better positioned to attract this large segment of the demand.

Low startup cost to enter the market

Thailand ranked 21st globally in terms of ease of doing business according to the World Bank in 2020 and it is ranked third at SEA level. It is easy for a local or international conglomerate, and for small and medium independent retail enterprises, to penetrate Thailand's home improvement industry as the industry has low startup costs. The industry is not highly regulated and does not need high capital for new entrants, unlike industries such as the oil and gas and the healthcare industries. The low startup cost also contributed to the growing competition from online retailers who have a similar or wider product offering. The entry of online retail players in the home improvement industry in Thailand is likely to intensify all areas of competition including price, quality, variety and convenience. Even though the home improvement industry has low startup costs, it currently comprises several major key players. Hence, it is not easy for new players to gain market share due to the aforementioned challenges. Most of the key players in the general home improvement and lifestyle segment are local while a few originate from other countries in Asia such as Malaysia (MR. DIY), China (Miniso) and Japan (Daiso, Komonoya), with many stores across the country and have online presence via their own websites and/or e-commerce platforms.

6 COMPETITIVE LANDSCAPE OF THE THAI HOME IMPROVEMENT INDUSTRY

According to NielsenIQ study[34], retailers in the home improvement industry such as MR. DIY Thailand, not only compete against other retailers in both segments in the industry (the home centre and specialty retail segment and the general home improvement and lifestyle retail segment), but they also indirectly compete with other retailers in the grocery-based sector such as Lotus's and C.J. Express as this type of retailers also sells home improvement products on

[33] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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[34] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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the basis of product selection, price, quality, customer service, shopping experience, location, or any combination of these factors.

6.1 CRITICAL SUCCESS FACTORS

Price competitiveness

Due to the fairly homogeneous nature of the products sold by home improvement retailers, a competitive pricing strategy can attract customers, especially during the challenging economic environment. However, key players who offer competitive pricing need to ensure an adequate and consistent quality of products, as customers are looking out for products that they consider having value for money. New market entrants may find it challenging to offer competitive pricing as they are unable to operate at scale. A competitive pricing strategy also contributes to a high sales volume and quick inventory turnover, allowing key players to capture higher market share.

Sourcing and supply chain management

Generally, larger retailers possess better financial ability to purchase products in bulk directly from manufacturers and/or overseas suppliers. By purchasing a larger volume and by building favourable business relationship with the end manufacturers and/or suppliers, retailers are able to reduce their procurement cost, thus enabling them to become more price competitive. Conversely, smaller retailers usually source imported products from local importers, wholesalers or distributors, and therefore have in general a higher procurement cost, making their retail prices less competitive.

In addition, product distribution methods may also differ among retailers. For example, few chain retailers usually manage their own fleet of vehicles for the delivery of goods from their warehouses to the stores, while independent retailers mostly rely on the wholesaler delivering the goods to their stores. With regard to inventory management, home improvement retailers with no sufficient scale generally rely on 3rd party logistics providers, while retailers with a large scale may also rely on 3rd party logistics providers, but they usually have the capability to handle their logistics needs internally, allowing further cost savings from the cost of operations (e.g. transportation and storage costs).

Strong branding through marketing strategies

Home improvement retailers pursue marketing strategies to strengthen their market position. Usually, the marketing campaigns are uniquely catered to their target customers of the selected age group, income group or location. Non-homegrown home improvement retailers establish their branding by repositioning themselves with new branding campaigns tailored to the local market. They also appoint local ambassadors to deliver the branding message to local communities. Comparing to digital marketing (e.g. SMS, emails, social media, etc), traditional marketing (e.g. prints, television, radio, billboards, etc) is more costly and time consuming. Nonetheless, home improvement retailers still promote their stores via traditional marketing as it is still the most relevant marketing platform for source of information on purchase decisions according to a NielsenIQ study[35].

High geographical coverage at strategic locations

Home improvement retailers are present in all provinces across Thailand, operating not only in malls as malls have a steady amount of footfall, but also at standalone shopfronts to attract the street crowd, especially in areas outside of the city where there are no malls. It is observed that among home improvement retailers, the majority are mainly concentrated in Greater Bangkok, while many of the players have also expanded their presence to other economic hubs with strategic locations that have high footfall traffic in the country such as Chon Buri, Chiang Mai,

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[35] Nielsen Consumer LLC, “Mr. DIY Brand Health Check & U&A Study 2023”, September 2023

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and Phuket, as they are among Thailand's top tourist spots[36]. A large nationwide presence, in major cities, suburban areas and commercial zones in rural neighborhoods, offers customers ease of accessibility to purchase home improvement products. According to NielsenIQ study, 'convenient to get to' is among the top five factors for the home improvement shopper for choosing a home improvement store[37]. Hence, home improvement retailers with high geographical coverage are expected to benefit from this shopper behaviour. Additionally, having a vast store network can also help to build brand recognition and customer loyalty, as customers are more likely to recognise and trust a brand that has a strong presence in their local area and throughout the country.

Compared to independent retailers, chain retailers are able to leverage their high number of stores and achieve economies of scale. By purchasing products in bulk, they can negotiate better prices with suppliers or directly with manufacturers, achieving cost savings from economies of scale. Established companies that have already achieved economies of scale can also source white label house brand goods or services at a lower cost. Besides, having a high number of stores at strategic locations helps chain retailers to reach a wider customer base, diversify risk, and reduce dependence on any one particular location.

Adoption of advanced technologies

To improve store operations and customer experience, home improvement retailers are actively rolling out modern technologies at their point-of-sale systems. Major home improvement retailers are offering QR code payment options to increase cashless, contactless payments. This will only grow as consumers gain more trust in retailers in paying for purchases digitally. Business intelligence solutions such as retail management systems are also used by home improvement retailers to better manage inventory, schedule employee shifts, and deliver real-time analytical data for better decision making and operational management.

Product offering

Traditional home improvement retailers generally focus on a single product segment, for instance either hardware only or household items only. The product offering has limited SKUs and in limited quantity. However, according to NielsenIQ study, 'has a wider variety of products' is among the top six factors for the home improvement shopper for choosing home a improvement store[38]. A modern home improvement retailer has a product assortment strategy of selling multiple product segments (e.g. household and furnishing, hardware, stationery and sports, electrical and toys, among others) and selling the same products in multiple sizes or colours. The product assortment strategy applied by modern home improvement retailers brings convenience to the customers that find it as a one-stop shop. Additionally, modern home improvement retailers are able to customise their product offering by taking into consideration the latest trends, local preference and the store size.

Store layout

Traditional home improvement stores are generally known as mom and pop stores, which typically occupy the ground level of a shop lot, and have narrow aisle racks with dim lighting, whereas a modern home improvement is usually a store of a larger size with wider and labelled

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[36] Thaiger, "Phuket was Thailand's top tourist spot this year", December 2022

[37] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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[38] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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aisle racks with bright lighting. Store layout is an important factor for customers in choosing a home improvement store to shop at as the store layout can give a pleasant shopping experience to the customers. This is evident from the NielsenIQ study where 92% of shoppers prefer to shop in a well-organised store with a pleasant ambience and 'well-presented product display' is among the top 10 factors for home improvement shopper for choosing home improvement store [39].

Having white label house brand products

The sales of white label house brand products has been growing[40]. These products provide customers with an attractive alternative to higher-priced branded products. Instead of buying expensive branded-items, consumers are turning to white label house brand products, particularly for homogeneous products. Retailers that have white label house brand products can have higher profit margins compared to reselling branded goods as they purchase the products directly from the manufacturer, thus cutting out part of the costs incurred along the supply chain. Additionally, retailers spend less on marketing and advertisement for their white label house brand products as they rely on store traffic and shelf position to secure sales[41], thus contributing to healthy margins from sales.

6.2 BARRIERS TO ENTRY

Difficult to gain market share in a competitive and fragmented market

The market is fragmented and comprises several big players. Furthermore, the industry is made up of many chain merchants which are the bigger players who are already renowned and well accepted by the customers with locations across the country. As a result of the highly fragmented and competitive market environment, new entrants may find it challenging to gain market share. Furthermore, new players may find it more difficult to break even and be more profitable than large players due to increased costs of product distribution, staff training, and brand recognition for marketing, among others.

Intense price competition and challenge on product sourcing

The industry sells a wide range of products, including stationery, beauty and cosmetics, and fashion items, among others. To appeal to more potential customers, these products are often priced at a lower to mid-price points. Existing merchants, particularly large stores, may have an edge over newcomers since they can sell at a lower price per unit due to existing supplier relationships and economies of scale. Newcomers with low volume will find it very difficult to scale and grow.

Setting-up stores in shopping malls

Due to Thai's preference to shop in the malls, businesses are drawn to open shops in shopping malls. There is frequently a long waiting list of future stores for popular shopping malls, and mall operators select tenants based on factors such as the retailer's reputation, sales potential, and area of business, among others. As a result, finding retail space in desirable locations may be challenging for a new business. Furthermore, current businesses may have negotiated for longer lease terms and rental caps, making it more difficult and expensive for new entrants to establish themselves in retail malls.

6.3 PROFILE OF KEY PLAYERS

With 802 stores as at June 30, 2024, MR. DIY Thailand is the largest player in terms of store count not only within the general home improvement and lifestyle segment, but within the total home improvement industry. MR. DIY Thailand opened its first store in 2016 and in the period up

[39] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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[40] Bangkok Post, "Supermarkets Push Store Brands to Lure Cost-Conscious Shoppers", December 2022
[41] McKinsey & Company, "Turning private labels into powerhouse brands", October 2020

to June 30, 2024, MR. DIY Thailand grew its network of stores at a faster pace than any other key player in the total home improvement industry.

Within the general home improvement and lifestyle segment, MR. DIY Thailand focuses on both home improvement and lifestyle products (e.g. household and furnishing, hardware, stationery and sports, electrical, toys, and others), while the rest of the larger chain players in the segment focus mainly on lifestyle products only. The wide range of product offerings, competitive pricings and strong brand equity enable MR. DIY Thailand to have a larger consumer base, contributing to higher revenue.

The sourcing of MR. DIY Thailand's wide range of products for its high number of stores is done locally and internationally, and is procured in bulk. Local procurement is done directly with the manufacturers, so the Group is able to avoid any additional cost along the value chain. For international procurement, MR. DIY Thailand's purchases are placed through its participation in the MR. D.I.Y. International Network procurement activities that are done by Mr D.I.Y. Group (M) Berhad ("**MDGM**"). MDGM's global procurement team identifies and procures suitable products from overseas suppliers, on behalf of all the entities in the MR. D.I.Y. International Network. Since the orders for all the entities are consolidated, the products are procured in large volumes, ultimately lowering the products' unit costs. This is beneficial to all of the entities, including MR. DIY Thailand, allowing it to offer competitive pricing to its customers while maintaining healthy margins.

Another key factor differentiating MR. DIY Thailand from other key players in the general home improvement and lifestyle segment, is the mix of channels to reach consumers. MR. DIY Thailand operates both in malls and in standalone shopfront stores, while the rest of the key chain players in the segment operate mostly in malls. Hence, when lockdowns were imposed during the COVID-19 pandemic outbreak, other key chain players were affected due to the significant decline in mall footfall, but MR. DIY Thailand managed to continue to grow its revenue, and to increase its total number of stores. Additionally, by operating in standalone shopfront stores, MR. DIY Thailand is able to access areas that are outside of the city where there are no malls such as neighbourhood, suburban and rural areas.

Table 6-1: Profile of Key Chain Retailers(1) in the Home Improvement Industry in Thailand, June 2024

Home Improvement Segment	Store Name	Year of establishment in Thailand	Country of Origin of the Brand	Total No. of Stores(2)	No. of Provinces Present(2)
General Home Improvement and Lifestyle Stores	**MR. DIY Thailand**	**2016**	**Malaysia**	**802**	**74**
	Moshi Moshi	1973	Thailand	134	56
	Daiso	2003	Japan	76	16
	Miniso	2016	China	69	27
	Komonoya	2009	Japan	17(3)	5(3)
	Go! WOW	2021	Thailand	23	14
	Mini Mono	2018	Thailand	18	10
Home Center and Specialty Stores Segment	HomePro	1995	Thailand	97	47
	Global House	2007	Thailand	87	63
	Thai Watsadu	2010	Thailand	78(4)	48(4)
	SCG Home	2018	Thailand	33	25
	Dohome	1983	Thailand	37	22
	Mega Home	2012	Thailand	25	20
	Boonthavorn	1977	Thailand	15	12

Notes:

(1) *'Key Chain Retailers' refers to retailers that have 15 stores or more in Thailand;*

(2) *'Total No. of Stores' and 'No. of Provinces Present' are based on publicly available data as at June 30, 2024;*

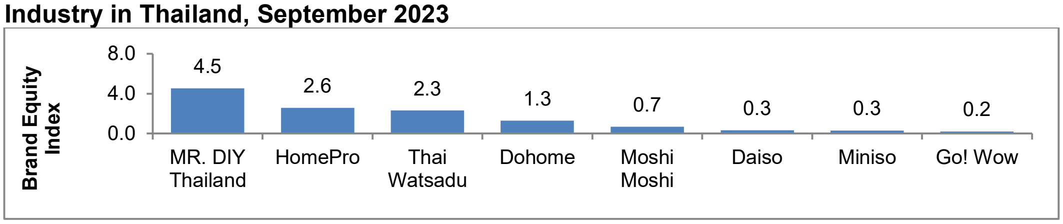
(3) *Komonoya's data for 'Total No. of Stores' and 'No. of Provinces Present' includes data on Watts by Komonoya and Wattsup+;*

(4) *Thai Watsadu's data for 'Total No. of Stores' and 'No. of Provinces Present' includes data on Thai Watsadu x BnB home.*

Source: Frost & Sullivan

Additionally, according to NielsenIQ study[42], among the eight selected key chain retailers in both segments (the home centre and specialty retail segment and the general home improvement and lifestyle retail segment) in the home improvement industry in Thailand, MR. DIY Thailand has the highest brand equity. This indicate that MR. DIY Thailand has a strong market presence and high mindshare through its large store network and a good brand image where home improvement shoppers associated MR DIY Thailand with convenience, low prices, value for money, and excellent customer service which are the most important factors when choosing stores to buy home improvement products.

Chart 6-1: Brand Equity Index of Selected Key Chain Retailers in the Home Improvement Industry in Thailand, September 2023



Note: The brand equity index in the NielsenIQ study was done only for eight key chain retailers in the home improvement industry in Thailand.

Source: Frost & Sullivan

[42] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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6.4 PRODUCT PRICING COMPARISON

The table below provides a pricing comparison, based on the category of focus for MR. DIY Thailand, for the same branded products across key chain retailers in the home improvement industry in Thailand. Among 39 branded products selected for comparison, MR. DIY Thailand had the lowest price difference for 37 products. On average, based on the 39 listed branded products, MR. DIY Thailand's prices were 19.4% lower than its competitors.

Table 6-2: Product Comparison of Selected Branded Products[1] Sold by MR. DIY Thailand and Other Key Chain Retailers in the Home Improvement Industry[2] in Thailand as at July 4, 2024

Category	Brand	Specification	Price Comparison (THB)[3]		
			MR. DIY Thailand	Key Chain Retailers	Price Difference (%)[4]
Household and Furnishing					
Container	Double Lock	Double Lock Keeps Food Fresh 1,450ml/50fl.oz	67	G: 84	-20.2%
Container	Double Lock	Double Lock Keeps Food Fresh 2,000ml/68fl.oz	79	G: 99	-20.2%
Air Freshener	Fresh Time	Fresh Time Air Freshener Chupa Chups Sugar Melon 155g	49	D: 58; E: 59; *Avg: 59*	-16.2%
Air Freshener	Ambi Pur	Ambi Pur Air Freshener Refreshing Lemon 180g	79	A: 89; E: 89; *Avg: 89*	-11.2%
Air Freshener	Ambi Pur	Ambi Pur Air Freshener Relaxing Lavender 180g	79	A: 89; E: 89; *Avg: 89*	-11.2%
Air Freshener	King's Stella	King's Stella Air Freshener Gel Bubble Gum 180g	83	G: 89	-6.7%
Floor Cleaner	Spa Clean	Spa Clean Floor Cleaner Romantic Rose 5,200 ml	169	C:199; G: 219; *Avg: 209*	-18.9%
Dishwashing Liquid	Pinto	Pinto Dishwashing Liquid Lemon Scented 1.8L	95	F: 89	6.7%
Dishwashing Liquid	Pinto	Pinto Dishwashing Liquid Lemon Scented 700ml	19	F: 25	-24.0%
Sponge	3M	3M Scotch-Brite General Duty Scrub Sponge	18	B:29; D: 29; E: 21; G:29; *Avg: 27*	-33.3%
Sponge	Poly Brite	Poly Brite Ultra 2 Way Brush	41	A: 49; C: 45; D: 45; G: 45; *Avg: 46*	-10.9%
Sponge	Poly Brite	Poly Brite Ultra Scourer Sponge	12	A: 18, C: 17; D: 15; G: 15; *Avg: 16*	-26.2%
Gloves	Poly Brite	Poly Brite Clean Hand Polyethylene Gloves 24pcs	15	A: 18; C: 15; E: 18; F18; G: 17; *Avg: 17*	-12.8%
Hardware					
Lubricants	WD-40	WD-40 Multi-purpose Spray Lubricant 191ml	145	E: 189; G: 189; *Avg: 189*	-23.3%
Lubricants	WD-40	WD-40 Multi-purpose Spray Lubricant 400ml	235	C: 260; E: 305; F: 305; G: 330; *Avg: 300*	-21.7%
Lubricants	3M	3M Multi-purpose Spray Lubricant 200ml	102	E: 120	-15.0%
Super glue	Kenji	Kenji Super Power Glue 3g	25	A: 28; D: 38; E: 32; G: 36; *Avg: 34*	-25.4%
Super glue	Kato	Kato Japan Super Glue 2g	16	A: 24; D: 27; E: 22; G: 27; *Avg: 25*	-36.0%
Measuring Tape	Stanley	Stanley Global Tape 3m/10'	95	A: 160; C: 143; G: 178; *Avg: 160*	-40.7%
Measuring Tape	Stanley	Stanley Global Tape 5m/16'	115	A: 210; C: 178; G: 213; *Avg: 200*	-42.6%
Double Sided Tape	TOV	TOV Double Sided Foam Tape 21mm x 1m	35	A: 39	-10.3%
Double Sided Tape	TOV	TOV Double Sided Foam Tape 21mm x 3m	85	A: 99	-14.1%
Tape	TOV	TOV Acrylic Mounting Tape 12mm x 2m	41	A: 69	-40.6%
Tape	Louis	Louis Self Adhesive Cellulose Tape 18mm x 33 m	25	D: 37; G: 46; *Avg: 42*	-39.8%
Stationery and Sports					
Crayon	Horse	Horse Wax Crayons 12 colors	13	D: 28	-53.6%

Category	Brand	Specification	Price Comparison (THB)(3)		
			MR. DIY Thailand	Key Chain Retailers	Price Difference (%)(4)
Pen	Faber Castell	Faber Castell Semi Gel Ink Ball Pen 1423 0.5 3S Blue	24	B: 35	-31.4%
Pen	Faber Castell	Faber Castell Semi Gel Ink Grip X P5 3S	47	B: 54	-13.0%
Electrical					
Battery	Panasonic	Panasonic LR03T/4B AAA 1.5 Volts 4 Batteries	99	B: 126; E: 123; F: 123; G: 148; *Avg: 130*	-23.8%
Battery	Panasonic	Panasonic LR03T/4B AAA 1.5 Volts 8 Batteries	179	B: 185; E: 168; F: 208; G: 248; *Avg: 202*	-11.5%
Lightings	Philips	Philips Tornado Cool Daylight, E27 cap, 15 watts	149	G: 178	-16.3%
Lightings	Philips	Philips Tornado Cool Daylight, E27 cap, 20 watts	173	G: 188	-8.0%
Lightings	Philips	Philips Tornado Cool Daylight, E27 cap, 24 watts	140	G: 188	-25.5%
Power Extension Cord	Data	Data 3 sockets 1 switch, 3m	189	C: 199	-5%
Power Extension Cord	Data	Data 4 sockets 1 switch, 5m	245	D: 218	12.4%
Others					
Car care	Waxy	Waxy UV Protectant Leather & Vinyl Polish 125ml	89	B: 99; D: 99; E: 100; G: 99, *Avg: 99*	-10.3%
Car care	Karshine	Karshine Silicone Tire Coating Spray 500ml	129	B: 179	-27.9%
Car care	Karshine	Karshine Car Shampoo Soft Foam 2,000ml	135	D: 148	-8.8%
Car care	D1	D1 Spec Pro Works Tire Shine Foam 650ml	85	G: 99; B: 95; *Avg: 97*	-12.4%
Pet food	Whiskas	Whiskas with Mackerel 2-12 months 80g	18	B: 19	-5.3%

Notes:

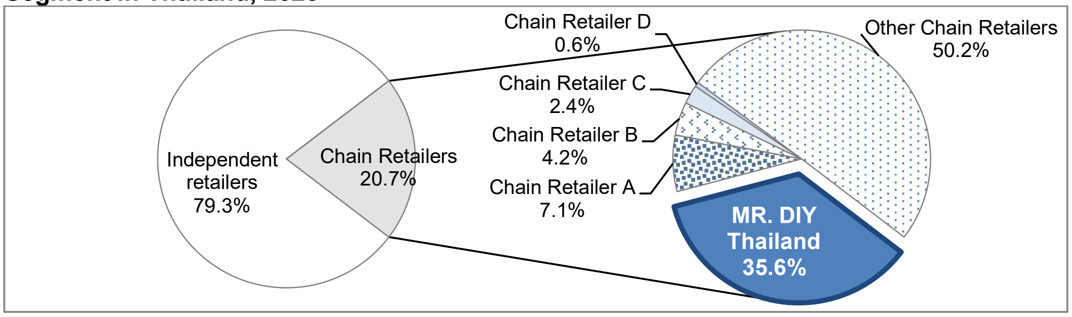
(1) The branded products were selected randomly based on the availability of the same comparable products during the store visit.
(2) 'Key Chain Retailers' in the home improvement industry in Thailand refers to the chain players listed in Table 6-1.
(3) The price shown in the table above refers to the initial retail selling price, i.e. not discounted price. If a product is available at two or more of the key chain retailers, the term "Avg" indicates the average of the prices by the key chain retailers.
(4) Price difference refers to the price of the product by MR. DIY Thailand against the key chain retailer's or the average of the prices by the key chain retailers.
(5) The store visit to check on the prices of the branded products was done at MR. DIY Thailand's and key chain retailers' stores between 1st July and 4th July 2024.

Source: Frost & Sullivan

6.5 MARKET SHARE

In 2023, chain retailers accounted for 20.7% or THB35.9 billion of the general home improvement and lifestyle retail segment. Among the chain retailers, many are small chain retailers with less than 15 stores such as Hardware House and Loft. MR. DIY Thailand was the market leader in the general home improvement and lifestyle retail segment in 2023 with 35.6% market share in terms of revenue.

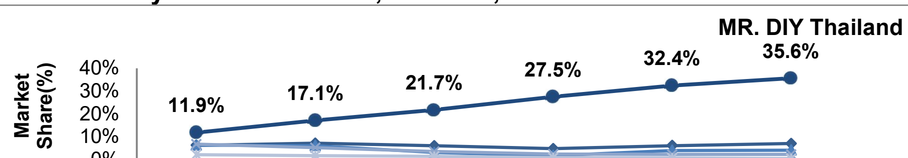
Chart 6-2: Market Share by Revenue of the General Home Improvement and Lifestyle Retail Segment in Thailand, 2023



Source: Frost & Sullivan

Among the selected general home improvement and lifestyle chain retailers, MR. DIY Thailand continued to be the market leader with the highest market share in terms of revenue since 2018. The Group rapidly gained market share (in terms of revenue) from 11.9% in 2018 to 35.6% in 2023. During the same period, MR. DIY Thailand registered the fastest revenue growth as compared to other key general home improvement and lifestyle chain retailers. The growth was buoyed by the quick opening of numerous stores nationwide and growth in basket size as well as foot traffic.

Chart 6-3: Market Share (Based on Revenue) of MR. DIY Thailand within the General Home Improvement and Lifestyle Chain Retailers, Thailand, 2018-2023



	2018	2019	2020	2021	2022	2023
MR. DIY Thailand	11.9%	17.1%	21.7%	27.5%	32.4%	35.6%
Chain Retailer A	6.3%	7.2%	6.0%	4.8%	6.2%	7.1%
Chain Retailer B	6.4%	6.2%	3.1%	1.8%	4.1%	4.2%
Chain Retailer C	6.8%	5.2%	3.5%	2.5%	2.4%	2.4%
Chain Retailer D	2.2%	1.9%	1.5%	0.9%	0.8%	0.6%

Source: Frost & Sullivan

7 SUMMARY PROSPECTS AND OUTLOOK FOR MR. DIY THAILAND

MR. DIY Thailand is one of the leading market players within the home improvement industry in Thailand, specifically the market leader within the general home improvement and lifestyle segment. MR. DIY Thailand's success was contributed by few factors such as (1) the Group's quick expansion by opening of numerous stores nationwide; (2) the Group's competitive pricing; (3) the Group's product assortment strategy; (4) the Group's mixed channels to reach consumers; and (5) the Group's high brand equity. MR. DIY Thailand registered the fastest revenue growth and market share growth among the key chain retailers in the general home improvement and lifestyle retail segment between 2018 and 2023, contributing to its leadership position in the segment in 2023 with a market share of 35.6%.

With 802 stores as at June 30, 2024, MR. DIY Thailand is the largest player in terms of store count not only within the general home improvement and lifestyle segment, but within the total home improvement industry. MR. DIY Thailand opened its first store in 2016 and in the period up to June 30, 2024, MR. DIY Thailand grew its network of stores at a faster pace than any other key player in the total home improvement industry. Additionally, having high number of stores at strategic locations also helps MR. DIY Thailand to reach a wider customer base, diversify risk, and reduce dependence on any one particular location.

MR. DIY Thailand is part of the MR. D.I.Y. International Network where purchases are consolidated and undertaken centrally. This process is mutually beneficial for all members of the MR. D.I.Y. International Network as the consolidation of all orders through the same supply chain allows for greater economies of scale in sourcing and procurement allowing the ability to negotiate for more competitive and commercially favorable terms with suppliers, ultimately achieving higher operating efficiency. This enables MR. DIY Thailand to offer competitive pricing to its customers while maintaining healthy margins. The competitive pricing by MR. DIY Thailand also contributed in boosting the Group's stores' foot traffic and average basket size as many consumers are price-sensitive and they are always on the lookout for an affordable, quality product, and product prices that are in line with the actual value of the products.

MR. DIY Thailand has an excellent data-driven product assortment strategy where it focuses on both home improvement products (e.g. hardware and electrical products) as well as lifestyle products (e.g. consumables or daily use products ranging from household and furnishing, hardware, stationery and sports, electrical, toys, and others). The wide range of product offerings at competitive pricings by MR. DIY Thailand enable it to have a larger consumer base, contributing to higher revenue.

MR. DIY Thailand operates both in malls and in standalone shopfront stores to reach consumers. The mixed store formats contributed to the Group's growth as both channels have their own strength. For example, malls typically have high traffic footfall due to the presence of multiple retail brands, convenience of ample parking space and not being affected by weather conditions, whereas standalone shopfronts typically have higher conversion rate as customers usually go into the shop with the intention to buy. Additionally, by operating in standalone shopfronts, MR DIY Thailand is able to penetrate further, beyond footprint of malls and the underpenetrated areas such as neighbourhood, suburban and rural areas which has low competition from larger players that operate in large store formats (e.g. more than 10,000 square metres). In 2023, MR. DIY Thailand entered the e-commerce space by launching an official store on Shopee[43] and officially having its own online store[44]. Its presence in the e-commerce space was strengthened further when the Group launched an official store on Lazada and TikTok Shop on TikTok in 2024[45]. The additional retail channel can contribute to MR. DIY Thailand's revenue growth.

Among the eight selected key chain retailers in both segments (the home centre and specialty retail segment and the general home improvement and lifestyle retail segment) in the home improvement industry in Thailand, MR. DIY Thailand has the highest brand equity[46]. This indicate that MR. DIY Thailand has a strong market presence and high share of mind through its large store network and a good brand image where home improvement shoppers associated MR DIY Thailand with convenience, low prices, value for money, and excellent customer service which are the most important factors when choosing stores to buy home improvement products.

Thailand is an advanced developing country and the second-largest economy in SEA. Recovering tourism, growing household income, investment, and improving employment will be the key factors driving economic growth, while rising urbanisation rate and increasing income levels ensure positive demand for home improvement products. The outlook for MR. DIY Thailand in the home improvement industry is positive as it is supported by the Group's quick stores expansion, its product assortment strategy, its multiple channels to reach consumers, and its high brand equity.

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[43] The Nation, "MR. D.I.Y. enters e-commerce in Thailand for the first time", March 2023
[44] DIY International, "Mr. DIY Thailand enters e-commerce space ", September 2023
[45] Manager online, "MR.DIY invests 2 billion to open 195 branches this year, expanding into e-commerce "Lazada-TikTok", March 2024
[46] Nielsen Consumer LLC, "Mr. DIY Brand Health Check & U&A Study 2023", September 2023

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