

MK RESTAURANT GROUP M TB

THAILAND / CONSUMER, CYCLICAL

BUY

กลับสู่แนวโน้มที่ดี

- ราคาหุ้น 4Q22 ที่ 410 ลบ. (+0.4% q-q, +2.7% y-y) กำไรจะทรงตัว q-q จากต้นทุนที่สูงขึ้นและค่าใช้จ่ายโบนัส
- ในปี 2023 ปัจจัยหนุนสำคัญจะอยู่ที่การขยายสาขาใหม่ การท่องเที่ยวที่คาดว่าจะฟื้นตัว และราคาวัตถุดิบที่ลดลง
- เราเริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 66 บาท (25x ของค่า 2023E P/E)

TARGET PRICE	THB66.00
CLOSE	THB60.00
UP/DOWNSIDE	+10.0%
TP vs CONSENSUS	-1.0%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	11,182	15,734	17,707	18,326
Net profit	131	1,528	2,430	2,670
EPS (THB)	0.14	1.66	2.64	2.90
vs Consensus (%)	-	(5.1)	5.1	(1.8)
EBITDA	2,213	3,979	5,049	5,353
Core net profit	131	1,528	2,430	2,670
Core EPS (THB)	0.14	1.66	2.64	2.90
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(85.6)	1,066.5	59.1	9.9
Core P/E (x)	421.8	36.2	22.7	20.7
Dividend yield (%)	1.3	2.5	3.7	4.3
EV/EBITDA (x)	22.6	12.5	9.8	9.2
Price/book (x)	4.2	4.4	4.2	4.1
Net debt/Equity (%)	(40.6)	(45.2)	(46.2)	(46.6)
ROE (%)	1.0	11.8	18.9	20.3

ผู้นำสู่ยักษ์ก็เมืองไทย

M ประกอบธุรกิจร้านอาหารประเภทสุกี้ที่ภายใต้เครื่องหมายการค้า MK เป็นหลัก บริษัทฯ มีการขยายธุรกิจอย่างต่อเนื่องมาตั้งแต่ปี 1986 ปัจจุบัน M มีสาขา 710 แห่งทั่วประเทศ ประกอบด้วย MK (455) Yayoi (196) Laem Charoen Seafood (LCS) (35) และอื่น ๆ (24) โดย 46% ตั้งอยู่ในกรุงเทพและอีก 54% อยู่ในต่างจังหวัด บริษัทฯ มีรายได้ 74% จาก MK, 19% จาก Yayoi, 5% จาก LCS, และอีก 2% จากอื่น ๆ

ราคาหุ้น 4Q22 จะปรับขึ้น y-y แต่ยังทรงตัว q-q

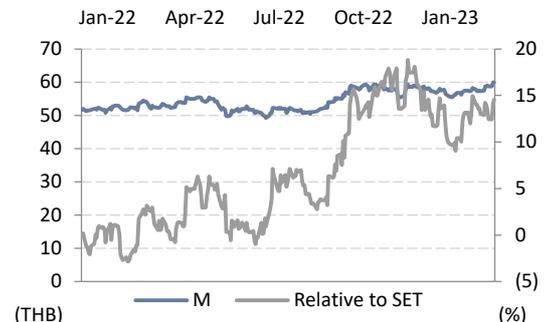
ราคาหุ้น 4Q22 ที่ 410 ลบ. (+0.4% q-q, +2.7% y-y) จากรายได้ที่คาดว่าจะปรับตัวสูงขึ้น (+2.2% q-q, +16% y-y) และ SSSG ที่คาดว่าจะเพิ่มขึ้น (+14% y-y) เราคิดว่าตัวเลขที่ดีขึ้นดังกล่าวจะได้แรงหนุนจากฐานที่ต่ำใน 4Q21 หลังมาตรการปิดเมืองเพื่อควบคุมการแพร่ระบาดของไวรัสโควิดและการท่องเที่ยวที่ค่อย ๆ ฟื้นตัว เราคิดว่ายอดขายของ M และ Yayoi จะฟื้นตัวกลับสู่ระดับก่อนโควิด ในขณะที่ยอดขายของ LCS อาจจะไม่กลับสู่ระดับดังกล่าว กำไรที่ทรงตัว q-q อาจทำให้อัตรากำไรขั้นต้น (GPM) อ่อนตัวลดลงเหลือ 65.0% (เทียบกับ 65.2% ใน 3Q22 และ 66.9% ใน 4Q21) เนื่องจาก M ซื้อเนื้อสัตว์ในราคาที่สูงตลอดปี 2022 นอกจากนี้บริษัทฯ ยังอาจมีแรงกดดันเพิ่มจากต้นทุนค่าสาธารณูปโภคที่สูงขึ้น การปรับขึ้นค่าจ้างและค่าใช้จ่ายการขายและการบริหาร (เนื่องจาก M อาจจ่ายโบนัสพนักงานสูงขึ้นในปี)

3 ปัจจัยหนุนในปี 2023

M เปิดสาขาใหม่ 19 แห่งในปี 2022 และตั้งเป้าเปิด 20-30 สาขาใหม่ในปี 2023 เราคิดว่าตัวเลขนักท่องเที่ยวขาเข้าที่เพิ่มขึ้นเป็นจำนวนมากน่าจะช่วยหนุนการเติบโตของยอดขายของ MK Yayoi และ LCS เนื่องจากกิจกรรมดังกล่าวมียอดขายให้แก่นักท่องเที่ยวคิดเป็น 5%, 5% และ 20%-30% ตามลำดับ นอกจากนี้ M ยังมีต้นทุนสาธารณูปโภคคิดเป็นประมาณ 3.6% ของยอดขายรวม การวิเคราะห์ความเป็นไปได้ของเราระบุว่าต้นทุนสาธารณูปโภคที่เพิ่มขึ้นทุก ๆ 20% น่าจะทำให้กำไรสุทธิของ M ลดลง 4.2% อย่างไรก็ตามราคาวัตถุดิบที่คาดว่าจะลดลงใน 1Q23 อาจช่วยชดเชยต้นทุนค่าสาธารณูปโภคที่เพิ่มขึ้นได้ทั้งหมด

แนะนำซื้อจากผลประกอบการที่คาดว่าจะดี

ราคาหุ้น 4Q22 ที่ 1.5 พัน ลบ. (+11x y-y) จากฐานที่ต่ำในปี 2021 เราคิดว่าราคาหุ้นในปี 2023-24 น่าจะเพิ่ม 59.1% y-y และ 9.9% y-y ตามลำดับเมื่อความสามารถในการทำกำไรกลับไปใกล้ระดับก่อนโควิดในปี 2024 เราเห็นว่าการเปิดพรมแดนของจีนน่าจะช่วยให้ปัจจัยบวกแก่ LCS เราแนะนำซื้อที่ราคาเป้าหมาย 66 บาทซึ่งคิดเป็น 25x ของค่า 2023E P/E (ใกล้เคียงกับคู่แข่งในประเทศ) เราคิดว่าบริษัทฯ จะจ่ายเงินปันผลต่อหุ้น (DPS) 1.0 บาท สำหรับผลประกอบการในรอบ 2H22 ซึ่งคิดเป็นอัตราผลตอบแทนในรูปเงินปันผลที่ 1.7% เราขอปรับภาพในการทำกำไรของ M และสถานะทางการเงินที่ดีของบริษัทฯ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.7	3.4	13.7
Relative to country (%)	3.7	(2.4)	13.5
Mkt cap (USD m)	1,623		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	61.00/49.25		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 5 มกราคม 2023

Investment thesis

We think M is one of the leading chain restaurant companies in Thailand. Although the chain restaurant business is highly competitive, in our view, M has an edge based on its superior distribution and store networks, as well as its product quality and service.

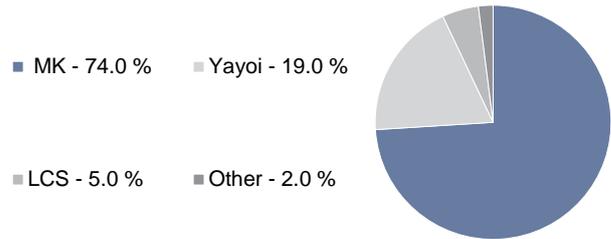
Looking ahead, M plans to continuously expand both locally and abroad within its various restaurant brands. We are impressed by the company's track record of profitability and its balance sheet, which we think is among the strongest both locally and internationally. Its M&A strategy could create growth opportunities in the future. Furthermore, its management strategy has traditionally been conservative and aimed at maximising return on equity.

Company profile

M opened its first Sukiyaki branch in Thailand in 1984 and first branch in Japan in 1994. M celebrated 100th in 2000 and 400th in 2013. Other food in portfolio of M include Yayoi Japanese restaurant, Hakata Ramen, Miyazaki, Laem Charoen Seafood, and Na Siam Thai restaurants.

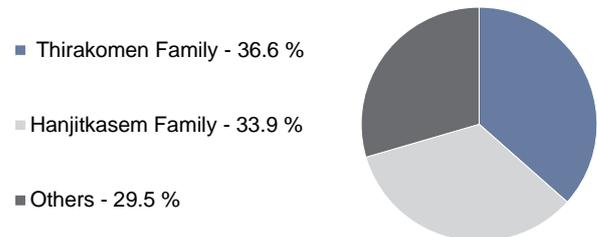
www.mkrestaurant.com

Principal activities (revenue, 2021)



Source: MK Restaurant Group

Major shareholders



Source: MK Restaurant Group

Catalysts

Potential catalysts for M's earnings growth in 2023 are 1) revenue growth driven by a recovery in tourism; 2) its new store expansion plan; and 3) a decline in raw material costs which could offset higher utility costs.

Risks to our call

Downside risks to our P/E-based TP include potential rise of raw material cost (~32% of total revenues), labour cost given its labour intensive nature, renewal of 3-year Yayoi franchise, and risk from animal diseases.

Event calendar

Date	Event
February 2023	4Q22 results announcement
May 2023	1Q23 results announcement

Key assumptions

	2022E	2023E	2024E
SSSG (%)	45.0	10.0	2.0
New Stores (no.)	19	25	25
Total Stores (no.)	710	735	760
GPM (%)	65.3	67.0	67.5
SG&A to sales (%)	54.2	52.0	51.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate net profit to fall by 3%, and vice versa, all else being equal.

Source: FSSIA estimates

Thailand's suki king

M's primary business is restaurants offering Thai suki under the MK brand. In operation since 1986, its first branch was opened at Central Plaza Ladprao. Since then, M has continuously expanded its business and currently has 710 restaurants nationwide, comprising 455 MK, 196 Yayoi, 35 Laem Charoen Seafood (LCS), and 24 others. By location, 46% of its MK branches are in Bangkok and 54% are in other provinces. M's revenue comes mainly from MK (74%), followed by Yayoi (19%), LCS (5%), and others (2%).

Exhibit 1: M's restaurant outlets in Thailand

Restaurant Outlets in Thailand

Type of Business	Restaurants	Brand	No. of Outlets
Suki Restaurant	MK		446
	MK Gold		5
	MK Live		4
Japanese Restaurant	Yayoi		196
	Miyazaki		13
	Hakata		2
Thai / Seafood Restaurants	Leam Charoen Seafood		35
	Le Siam		3
	Na Siam		1
Others	Bizzy Box		2
	Le Petit		3

Remark: Data as of Sep 2022

Source: M

1) MK Suki

MK Suki restaurants run by the company offer suki as the main dish, with more than 1,000 additional menu items including meat, meatballs and fresh vegetables offered to customers who simmer them in a cast-iron pot. MK Suki positions itself as a family restaurant whose target customers are family, friends, and colleagues in the medium to high-income brackets.

2) Yayoi

Yayoi restaurants are run by MK Interfood, M's subsidiary, which has been licensed to run the Japanese restaurant franchise under the Yayoi-ken trademark by Plenus. Yayoi opened its first store in Thailand in 2006. Yayoi offers both a la carte Japanese food and set menus.

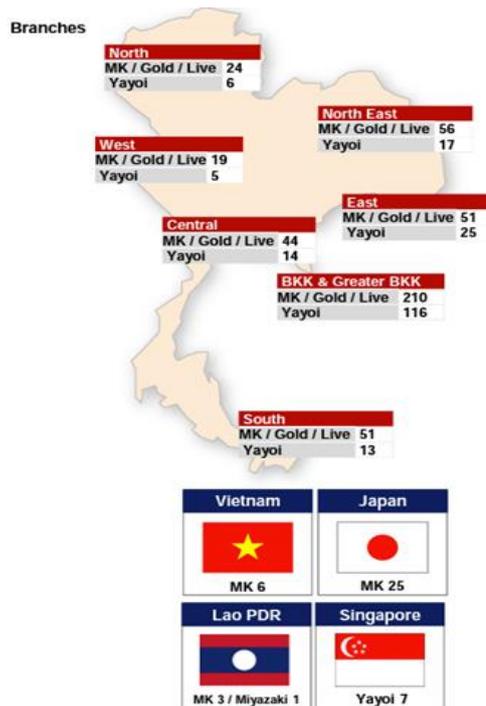
3) Laem Charoen Seafood

M acquired a 65% stake in Laem Charoen Seafood in Dec-20. A Thai seafood restaurant which originated in Rayong province, it is distinguished by its quality, freshness and unique taste. The most popular menu item is deep-fried seabass with fish sauce.

International expansion through joint ventures and franchise sales

Besides domestic expansion, M has expanded its business internationally to create opportunities and future growth via joint ventures and franchise sales. It operates a joint venture with Plenus, a listed company on Japan's stock exchange and a leader in the lunch box business in Japan. Plenus owns Yayoi-ken, a Japanese set-menu restaurant chain. In a 50:50 joint venture, M and Plenus have opened seven Yayoi restaurants in Singapore. Moreover, M has sold MK franchises internationally in Japan (25 branches), Vietnam (six branches), and Laos (three MK and one Miyazaki). M recognises revenue from stock ownership and from franchise fees. Although the proportion of international sales remains low at less than 1% of total revenue, we believe its international business could help drive future growth.

Exhibit 2: Extensive coverage nationwide



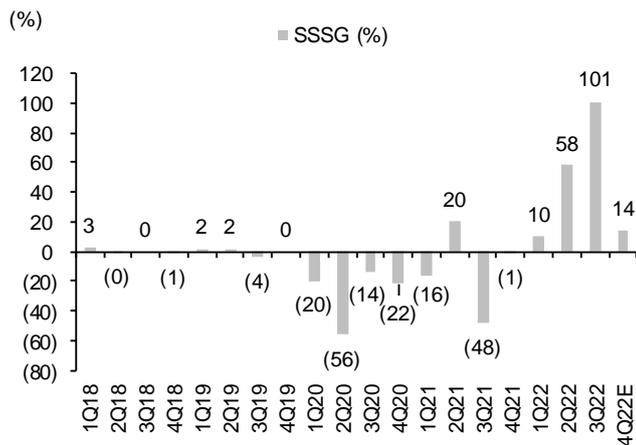
Source: M

Exhibit 3: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2021	2022E	Change
	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)				
Sales	3,583	3,495	4,016	4,067	4,156	2.2	16.0	11,182	15,734	40.7
Cost of sales	1,186	1,204	1,394	1,413	1,455	2.9	22.6	4,015	5,465	36.1
Gross profit	2,397	2,291	2,623	2,654	2,701	1.8	12.7	7,167	10,269	43.3
SG&A	1,931	2,008	2,118	2,182	2,223	1.9	15.2	7,170	8,532	19.0
Operating profit	512	347	555	527	526	(0.1)	2.8	204	1,954	858.0
Interest expense	18	21	21	21	22	1.1	22.1	69	85	22.7
Tax expense	90	51	89	86	85	(1.4)	(5.5)	(10)	310	nm
Reported net profit	399	271	439	408	410	0.4	2.7	131	1,528	1,066.5
Core profit	399	271	418	408	410	0.4	2.7	131	1,528	1,066.5
Key ratios (%)						(ppt)	(ppt)			
Gross margin	66.9	65.6	65.3	65.2	65.0	(0.2)	(1.9)	64.1	65.3	1.2
SG&A / Sales	53.9	57.5	52.7	53.7	53.5	(0.2)	(0.4)	64.1	54.2	(9.9)
Operating margin	14.3	9.9	13.8	12.9	12.7	(0.3)	(1.6)	1.8	12.4	10.6
Net margin	11.1	7.7	10.9	10.0	9.9	(0.2)	(1.3)	1.2	9.7	8.5
Norm margin	11.1	7.7	10.4	10.0	9.9	(0.2)	(1.3)	1.2	9.7	8.5
Operating statistics (no.)										
SSSG (%)	0.0	11.0	58.0	101.0	14.0	nm	nm	(16.0)	45.0	nm
Total Stores	703	705	707	710	710	0.0	1.0	703	710	1.0
- MK Brand	452	454	454	455	455	0.0	0.7	452	455	0.7
- Yayoi Brand	193	193	194	196	195	(0.5)	1.0	193	195	1.0
- Laem Charoen Brand	31	33	34	35	36	2.9	16.1	31	36	16.1
- Other Brand	27	25	25	24	24	0.0	(11.1)	27	24	(11.1)

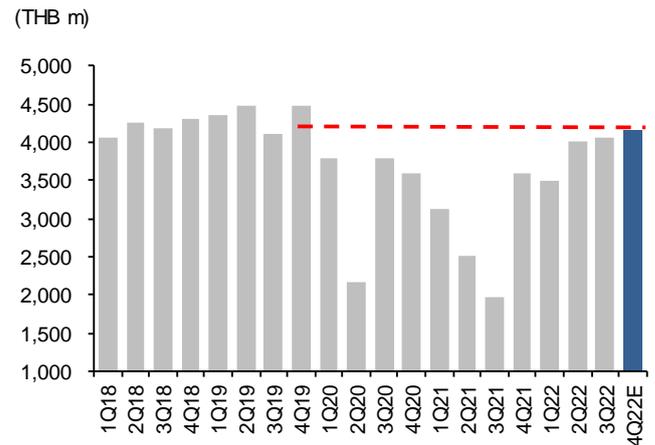
Sources: M; FSSIA estimates

Exhibit 4: Same-store sales growth



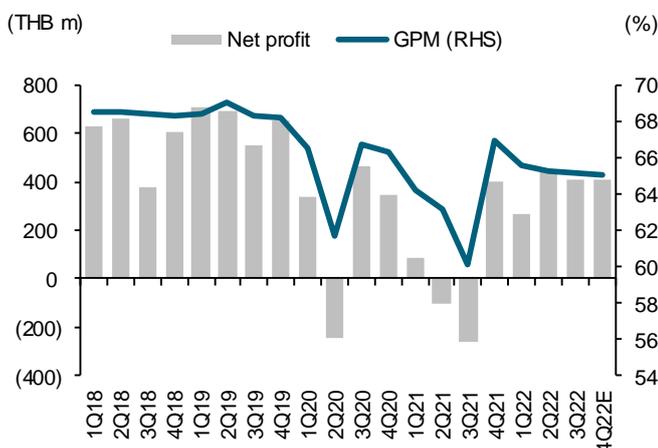
Sources: M; FSSIA estimates

Exhibit 5: Quarterly sales



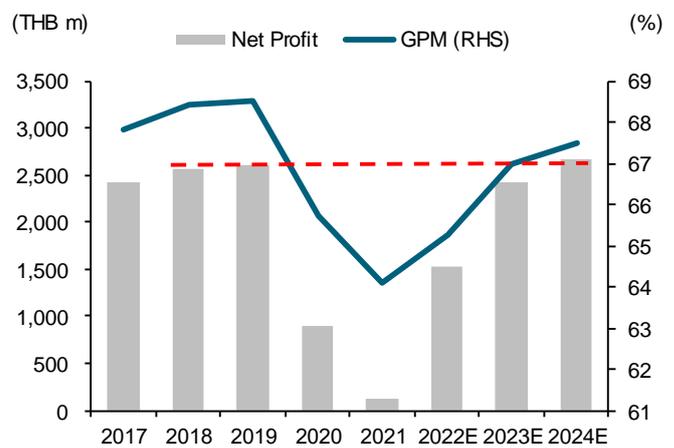
Sources: M; FSSIA estimates

Exhibit 6: Quarterly GPM and net profit



Sources: M; FSSIA estimates

Exhibit 7: Yearly GPM and net profit



Sources: M; FSSIA estimates

Corporate Governance – M

Board structure

Independent Directors (ID)	5 of 10 board members, 2 females
Percentage of IDs on the board	50%
ID attendance at board meetings	98%
ID in audit/remuneration committee	3/3 in audit committee and 2/3 in remuneration committee
ID terms	Nine years consecutively, but company policy does not set the number of years to hold office for ID. Currently, there are 4 IDs extended after 9 years in office for their well understanding in the Company's business, apart from knowledge, experience and expertise

Additional information: M regulates that the Board of Directors shall consist of no fewer than five members but not exceeding 12. This however depends on what the Shareholders' Meeting may determine from time to time. Of this, at least half shall be independent directors.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021 THB4.7m vs net profit of THB131m – the significant decline was caused by lockdown measures that aimed to prevent the spread of the disease
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: 2021 remained a difficult year post Covid-19 pandemic. Note that in 2019, directors' remuneration was THB9.05m vs net profit of THB2,603m.

ESG and sustainability management

M is a food and service provider who operates restaurant chains in Thailand and abroad where the service reaches a large number of customers. The Company has been recognised not only for quality and safe food but also great service, which have solidly driven its growth.

Materiality issues	Activities and practice
Intense competition	M strives to hold key competitive advantages to sustain its business on gradual expansion. These include (1) strong "MK Brand" recognition; (2) strong financial position which is crucial for expanding business both in the short and long term; (3) a capable management team with over 20 years of experience; (4) own service training center which enhances management skills of branch managers and trains service staff to provide standardised service; (5) best strategic locations of more than 600 branches of "MK" and "Yayoi" restaurants nationwide; (6) always operates an optimum business size to achieve the economy of scale given sourcing and procurement, transportation and advertising; and (7) innovating a new and sophisticated central kitchen and a distribution center which will increase the kitchen capability to support future expansion.
Volatility of raw material prices	M implements measures to help alleviate adverse impacts as follows: (1) estimate demands of raw materials to plan the sourcing to meet sales plans; (2) to have orders large enough to gain negotiating power with manufacturers or distributors; (3) have future sales contracts signed with reliable manufacturers or distributors within an agreed timeframe; (4) properly store seasonal raw materials; and (5) consistently monitor changes of raw material prices and, when necessary, hike menu prices to optimally offset.
Staff management	M operates an intensive labour business where employee expense is the second most important after food cost. At end of 2021, there were 14,684 employees comprising 11,898 permanent and 2,786 temporary employees. During the past three years, there was no significant change in the number of employees and no significant labour dispute. M's employee compensation includes salary, bonus, provident fund, insurance, uniforms, medical expenses, over-time and other benefits. For the year 2021, employee compensation totalled THB3,465m, implying an average of THB235,997/person/year or approximately USD7,375/employee/year, slightly above the country's 2021 per capita GDP of USD7,255/year. To manage risk from employee cost rises, M balances the number of staff in each restaurant to reflect its traffic while maintaining quality standard service; (2) monitors staff productivity while ensuring service standards; (3) introduce computerised technology to speed up service and increase accuracy; and (4) constantly train service employees.
IT system	M modernises business operations by using information technology in accounting, raw material sourcing and procurement, inventory management, product distribution and communication systems between the head office and branches worldwide, in order to gather information needed for analysis and prompt decision making. To ensure ongoing business in case of system malfunction, all business units will be trained and provided standard operating procedures.

Additional information: M has clear and impressive CG and CSR guidance that can be found on its website: <https://www.mkrestaurant.com>

Audit Practices

Auditor	EY Office Limited
Length of service	EY Office Limited in the past five years with change of CPA in 2019
Reporting incidents	None
Fee track record	THB 2.34m
Policy on change of audit firm	To review every seven years

Additional information: M paid non-audit fees for 2021 related to asset destruction and other expenses such as travel expenses, etc. at THB495,435.

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines and overseen by the company's audit committee
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	13,361	11,182	15,734	17,707	18,326
Cost of goods sold	(2,440)	(2,005)	(3,441)	(3,804)	(3,902)
Gross profit	10,921	9,176	12,293	13,903	14,424
Other operating income	294	207	217	354	367
Operating costs	(7,947)	(7,170)	(8,532)	(9,207)	(9,438)
Operating EBITDA	3,268	2,213	3,979	5,049	5,353
Depreciation	(2,137)	(2,009)	(2,024)	(2,039)	(2,054)
Goodwill amortization	0	0	0	0	0
Operating EBIT	1,131	204	1,954	3,010	3,299
Net financing costs	(73)	(69)	(85)	(81)	(81)
Associates	(6)	(23)	(26)	5	5
Recurring non-operating income	(6)	(23)	(26)	5	5
Non-recurring items	0	0	0	0	0
Profit before tax	1,051	111	1,843	2,934	3,223
Tax	(140)	10	(310)	(499)	(548)
Profit after tax	912	121	1,533	2,435	2,675
Minority interests	(4)	10	(5)	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	907	131	1,528	2,430	2,670
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	907	131	1,528	2,430	2,670
Per share (THB)					
Recurring EPS *	0.99	0.14	1.66	2.64	2.90
Reported EPS	0.99	0.14	1.66	2.64	2.90
DPS	1.00	0.80	1.49	2.24	2.61
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	(23.3)	(16.3)	40.7	12.5	3.5
Operating EBITDA (%)	(17.9)	(32.3)	79.8	26.9	6.0
Operating EBIT (%)	(64.7)	(82.0)	858.0	54.0	9.6
Recurring EPS (%)	(65.1)	(85.6)	1,066.5	59.1	9.9
Reported EPS (%)	(65.1)	(85.6)	1,066.5	59.1	9.9
Operating performance					
Gross margin inc. depreciation (%)	65.7	64.1	65.3	67.0	67.5
Gross margin of key business (%)	64.1	65.3	67.0	67.5	67.5
Operating EBITDA margin (%)	24.5	19.8	25.3	28.5	29.2
Operating EBIT margin (%)	8.5	1.8	12.4	17.0	18.0
Net margin (%)	6.8	1.2	9.7	13.7	14.6
Effective tax rate (%)	13.3	-8.5	16.8	17.0	17.0
Dividend payout on recurring profit (%)	101.5	562.5	90.0	85.0	90.0
Interest cover (X)	15.3	2.6	22.7	37.1	40.9
Inventory days	58.1	73.8	48.6	52.0	52.9
Debtor days	3.7	4.5	3.4	2.8	2.9
Creditor days	236.9	242.7	159.2	163.5	166.3
Operating ROIC (%)	59.0	17.2	235.7	494.9	586.7
ROIC (%)	10.4	1.5	17.9	29.8	32.4
ROE (%)	6.5	1.0	11.8	18.9	20.3
ROA (%)	5.1	0.9	8.3	13.0	14.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
MK	9,887	8,274			
Yayoi	2,405	2,124			
LCS	802	559			
Other	267	224			

Sources: MK Restaurant Group; FSSIA estimates

Financial Statements

MK Restaurant Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	907	131	1,528	2,430	2,670
Depreciation	2,137	2,009	2,024	2,039	2,054
Associates & minorities	11	13	54	0	0
Other non-cash items	0	0	0	0	0
Change in working capital	(675)	(147)	383	101	30
Cash flow from operations	2,380	2,007	3,989	4,570	4,755
Capex - maintenance	(1,625)	(5,049)	(2,211)	(1,900)	(2,250)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(3,364)	3,910	178	(167)	(28)
Cash flow from investing	(4,989)	(1,139)	(2,033)	(2,067)	(2,278)
Dividends paid	(921)	(737)	(1,375)	(2,066)	(2,403)
Equity finance	0	0	0	0	0
Debt finance	3,640	(410)	(247)	(327)	227
Other financing cash flows	286	28	(180)	(59)	31
Cash flow from financing	3,005	(1,119)	(1,802)	(2,451)	(2,145)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	276	0	0	0
Net other adjustments	(767)	276	0	0	0
Movement in cash	(370)	26	154	51	332
Free cash flow to firm (FCFF)	(2,535.15)	937.23	2,040.69	2,583.99	2,557.63
Free cash flow to equity (FCFE)	550.81	762.32	1,529.24	2,117.06	2,734.91

Per share (THB)

FCFF per share	(2.75)	1.02	2.22	2.81	2.78
FCFE per share	0.60	0.83	1.66	2.30	2.97
Recurring cash flow per share	3.32	2.34	3.92	4.85	5.13

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	11,496	11,525	11,640	11,757	11,874
Less: Accumulated depreciation	(8,242)	(8,683)	(8,770)	(8,858)	(8,946)
Tangible fixed assets (net)	3,254	2,842	2,871	2,899	2,928
Intangible fixed assets (net)	6,353	5,810	5,308	5,140	5,307
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,721	1,690	1,664	1,669	1,674
Cash & equivalents	7,663	7,689	7,843	7,894	8,226
A/C receivable	110	167	129	146	151
Inventories	418	392	524	560	571
Other current assets	119	170	157	177	183
Current assets	8,310	8,418	8,654	8,777	9,131
Other assets	716	808	629	797	825
Total assets	20,353	19,569	19,126	19,283	19,865
Common equity	13,523	13,194	12,686	13,050	13,317
Minorities etc.	324	314	342	347	352
Total shareholders' equity	13,847	13,509	13,028	13,397	13,669
Long term debt	2,565	2,207	1,957	1,707	1,857
Other long-term liabilities	1,096	1,124	944	885	916
Long-term liabilities	3,661	3,331	2,901	2,592	2,773
A/C payable	1,312	1,355	1,647	1,761	1,795
Short term debt	0	0	0	0	0
Other current liabilities	1,533	1,374	1,550	1,532	1,628
Current liabilities	2,845	2,729	3,197	3,293	3,423
Total liabilities and shareholders' equity	20,353	19,569	19,126	19,283	19,865
Net working capital	(2,198)	(2,000)	(2,386)	(2,410)	(2,518)
Invested capital	9,845	9,151	8,086	8,095	8,216

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	14.68	14.33	13.78	14.17	14.46
Tangible book value per share	7.79	8.02	8.01	8.59	8.70

Financial strength

Net debt/equity (%)	(36.8)	(40.6)	(45.2)	(46.2)	(46.6)
Net debt/total assets (%)	(25.0)	(28.0)	(30.8)	(32.1)	(32.1)
Current ratio (x)	2.9	3.1	2.7	2.7	2.7
CF interest cover (x)	8.5	12.0	19.0	27.1	34.9

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	60.9	421.8	36.2	22.7	20.7
Recurring P/E @ target price (x) *	67.0	464.0	39.8	25.0	22.8
Reported P/E (x)	60.9	421.8	36.2	22.7	20.7
Dividend yield (%)	1.7	1.3	2.5	3.7	4.3
Price/book (x)	4.1	4.2	4.4	4.2	4.1
Price/tangible book (x)	7.7	7.5	7.5	7.0	6.9
EV/EBITDA (x) **	15.4	22.6	12.5	9.8	9.2
EV/EBITDA @ target price (x) **	17.1	25.1	13.9	10.9	10.2
EV/invested capital (x)	5.1	5.5	6.1	6.1	6.0

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: MK Restaurant Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
MK Restaurant Group	M TB	THB 60.00	BUY	Downside risks to our P/E-based TP include potential rise of raw material cost (~32% of total revenues), labour cost given its labour intensive nature, renewal of 3-year Yayoi franchise, and risk from animal diseases.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 4-Jan-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.