

MK RESTAURANT GROUP  
THAILAND / FOOD & BEVERAGE

M TB

BUY  
UNCHANGED

## อัตรากำไรฟื้นตัวน่าพอใจ

- กำไรสุทธิ 1Q23 โต q-q และ y-y ใกล้เคียงกับประมาณการของเรา ราคาขายเฉลี่ยที่ปรับขึ้นช่วยชดเชยต้นทุนวัตถุดิบที่สูงขึ้น
- คาดการณ์กำไรสุทธิ 2Q23 จะโตต่อเนื่อง q-q และ y-y
- คงแนะนำซื้อที่ราคาเป้าหมาย 59 บาท

TARGET PRICE	THB59.00
CLOSE	THB49.25
UP/DOWNSIDE	+19.8%
TP vs CONSENSUS	+4.1%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	15,728	18,008	18,639	19,347
Net profit	1,439	2,170	2,334	2,506
EPS (THB)	1.56	2.36	2.53	2.72
vs Consensus (%)	-	14.1	1.6	0.4
EBITDA	3,867	4,715	4,921	5,142
Core net profit	1,439	2,170	2,334	2,506
Core EPS (THB)	1.56	2.36	2.53	2.72
EPS growth (%)	998.5	50.8	7.6	7.4
Core P/E (x)	31.5	20.9	19.4	18.1
Dividend yield (%)	2.8	4.1	4.6	5.0
EV/EBITDA (x)	10.3	8.4	8.1	7.8
Price/book (x)	3.4	3.3	3.2	3.2
Net debt/Equity (%)	(41.8)	(41.8)	(41.6)	(39.6)
ROE (%)	10.8	15.9	16.8	17.7

## กำไรสุทธิ 1Q23 โต q-q และ y-y ใกล้เคียงกับที่เราคาด

M รายงานกำไรสุทธิ 1Q23 ที่ 325 ลบ. (+1.5% q-q, +20% y-y) ใกล้เคียงกับที่เราคาดแต่สูงกว่าที่ตลาดคาดอยู่ 5% ใน 1Q23 รายได้รวมลดลง q-q จากปัจจัยด้านฤดูกาล ตัวเลขโตดี 17% y-y จากอัตราการเติบโตของยอดขายจากสาขาเดิม (SSSG) ที่ 16% y-y จากฐานที่ต่ำในปีที่แล้วและราคาขายเฉลี่ย (ASP) ที่อยู่ในระดับสูงโดยเพิ่มขึ้น 4% นับตั้งแต่เดือน ก.พ. 2023 อย่างไรก็ตามยอดขายสาขาใหม่ลดลงเหลือ 703 จาก 705 สาขาใน 1Q22 หลังบริษัท ปิดสาขาบางแห่งที่ไม่ทำกำไร

## ASP ที่ปรับใหม่และตัวเลขลูกค้าที่สูงขึ้นหนุนการฟื้นตัวของอัตรากำไร

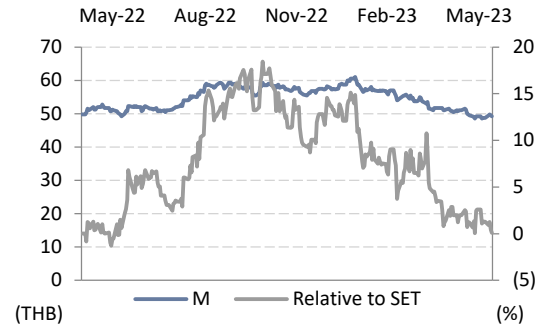
ใน 1Q23 อัตรากำไรขั้นต้นเพิ่มขึ้นเล็กน้อยเป็น 65.1% จาก 65% ใน 4Q22 (เทียบกับ 65.6% ใน 1Q22) เราคิดว่าอัตรากำไรขั้นต้นอยู่ในระดับที่ดีในสถานการณ์ที่ท้าทายโดย ASP ที่ปรับใหม่สามารถชดเชยต้นทุนวัตถุดิบที่สูงขึ้น ในขณะที่ตัวเลขลูกค้าต่อสาขายังปรับขึ้นสอดคล้องกับการฟื้นตัวของบริการ นอกเหนือจากนี้สภาวะอากาศร้อนยังช่วยหนุนตัวเลขลูกค้าที่สาขาให้เพิ่มขึ้นด้วย สัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายลดลงเหลือ 56.4% ใน 1Q23 จาก 57.5% ใน 1Q22 จากรายได้ที่สูงขึ้น เราพอใจกับอัตรากำไรสุทธิที่ฟื้นตัวเป็น 8% ใน 1Q23 จาก 7.7% ใน 4Q22 และ 1Q22

## คาดการณ์กำไรสุทธิ 2Q23 จะโตต่อเนื่อง q-q และ y-y

เราคิดว่ากำไร 1Q23 น่าจะเป็นจุดต่ำสุดของปีนี้ กำไรสุทธิ 2Q23 น่าจะโตต่อเนื่อง q-q และ y-y โดยจะได้ปัจจัยหนุนจาก 1) ปัจจัยด้านฤดูกาลในธุรกิจภัตตาคาร; และ 2) ค่าไฟฟ้าที่ลดลง 10.5% q-q สอดคล้องกับค่าธรรมเนียมเชื้อเพลิงที่ลดลง ในขณะที่เดียวกันเรามีมุมมองเป็นกลางเกี่ยวกับต้นทุนวัตถุดิบ บริษัทฯ ได้ถือราคาเปิดและหมู่ไว้ตลอดปี 2023 สอดคล้องกับราคาตลาดในปัจจุบัน เพราะฉะนั้นเราคงประมาณการกำไรสุทธิปี 2023 ไว้ที่ 2.2 พัน ลบ. (+51% y-y)

## คงแนะนำซื้อที่ราคาเป้าหมาย 59 บาท

เราคงแนะนำซื้อที่ราคาเป้าหมาย 59 บาท (25x ของค่า 2023E P/E) ราคาหุ้นปรับตัวลดลง 18% ในช่วง 2023 YTD จากความกังวลของนักลงทุนที่คาดว่ากำไร 1Q23 จะลดลง ทำให้หุ้นมีการซื้อขายที่ 20.9x และ 19.4x ของค่า 2023-24E P/E ตามลำดับซึ่งต่ำกว่าค่าเฉลี่ยในอดีตของกลุ่มฯ ในระยะสั้นเราคิดว่าราคาขายธุรกิจในประเทศของ Laem Charoen Seafood จะเป็นปัจจัยบวกให้แก่ราคาหุ้นของ M



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.0)	(13.6)	(5.3)
Relative to country (%)	(1.1)	(8.2)	(2.5)
Mkt cap (USD m)	1,345		
3m avg. daily turnover (USD m)	1.4		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	61.50/48.00		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 12 พฤษภาคม 2023

## Exhibit 1: 1Q23 earnings results

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	3,583	3,495	4,016	4,067	4,149	4,089	(1.5)	17.0
Cost of sales	1,186	1,204	1,394	1,413	1,450	1,426	(1.7)	18.5
Gross profit	2,397	2,291	2,623	2,654	2,699	2,663	(1.3)	16.2
SG&A	1,931	2,008	2,118	2,182	2,337	2,307	(1.3)	14.9
Operating profit	512	347	555	527	442	424	(4.1)	22.1
Interest expense	18	21	21	21	23	23	(1.3)	7.5
Tax expense	90	51	89	86	82	65	(20.5)	27.6
Reported net profit	399	271	439	408	321	325	1.5	20.1
Core profit	399	271	418	408	321	325	1.5	20.1
<b>Key Ratios (%)</b>							<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	66.9	65.6	65.3	65.2	65.0	65.1	0.1	(0.4)
SG&A / Sales	53.9	57.5	52.7	53.7	56.3	56.4	0.1	(1.1)
Operating margin	14.3	9.9	13.8	12.9	10.7	10.4	(0.3)	0.4
Net margin	11.1	7.7	10.9	10.0	7.7	8.0	0.2	0.2
Norm margin	11.1	7.7	10.4	10.0	7.7	8.0	0.2	0.2
<b>Operating Statistics (no.)</b>								
SSSG (%)	(1.0)	10.0	58.0	101.0	14.0	16.0		
Total stores	703	705	707	710	710	703		

Sources: M

## Financial Statements

### MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,182	15,728	18,008	18,639	19,347
Cost of goods sold	(2,005)	(3,465)	(4,199)	(4,305)	(4,435)
<b>Gross profit</b>	<b>9,176</b>	<b>12,263</b>	<b>13,810</b>	<b>14,333</b>	<b>14,912</b>
Other operating income	207	249	360	373	387
Operating costs	(7,170)	(8,646)	(9,454)	(9,785)	(10,157)
<b>Operating EBITDA</b>	<b>2,213</b>	<b>3,867</b>	<b>4,715</b>	<b>4,921</b>	<b>5,142</b>
Depreciation	(2,009)	(1,997)	(2,014)	(2,032)	(2,047)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>204</b>	<b>1,870</b>	<b>2,701</b>	<b>2,889</b>	<b>3,096</b>
Net financing costs	(69)	(87)	(81)	(81)	(80)
Associates	(23)	(29)	0	9	10
Recurring non-operating income	(23)	(29)	0	9	10
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>111</b>	<b>1,755</b>	<b>2,620</b>	<b>2,818</b>	<b>3,026</b>
Tax	10	(308)	(445)	(479)	(514)
<b>Profit after tax</b>	<b>121</b>	<b>1,447</b>	<b>2,175</b>	<b>2,339</b>	<b>2,511</b>
Minority interests	10	(8)	(5)	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>131</b>	<b>1,439</b>	<b>2,170</b>	<b>2,334</b>	<b>2,506</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>131</b>	<b>1,439</b>	<b>2,170</b>	<b>2,334</b>	<b>2,506</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.14	1.56	2.36	2.53	2.72
Reported EPS	0.14	1.56	2.36	2.53	2.72
DPS	0.80	1.40	2.00	2.28	2.45
Diluted shares (used to calculate per share data)	921	921	921	921	921
<b>Growth</b>					
Revenue (%)	(16.3)	40.7	14.5	3.5	3.8
Operating EBITDA (%)	(32.3)	74.7	21.9	4.4	4.5
Operating EBIT (%)	(82.0)	816.8	44.4	6.9	7.1
Recurring EPS (%)	(85.6)	998.5	50.8	7.6	7.4
Reported EPS (%)	(85.6)	998.5	50.8	7.6	7.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	64.1	65.3	65.5	66.0	66.5
Gross margin of key business (%)	65.3	65.5	65.5	66.0	66.5
Operating EBITDA margin (%)	19.8	24.6	26.2	26.4	26.6
Operating EBIT margin (%)	1.8	11.9	15.0	15.5	16.0
Net margin (%)	1.2	9.1	12.0	12.5	13.0
Effective tax rate (%)	(8.5)	17.5	17.0	17.0	17.0
Dividend payout on recurring profit (%)	562.5	89.6	85.0	90.0	90.0
Interest cover (X)	2.6	21.2	33.3	35.9	39.1
Inventory days	73.8	42.5	43.9	51.0	50.6
Debtor days	4.5	3.3	2.7	2.9	2.9
Creditor days	242.7	147.7	129.6	131.2	130.1
Operating ROIC (%)	17.2	230.6	316.6	233.9	221.7
ROIC (%)	1.5	16.1	23.4	24.7	25.5
ROE (%)	1.0	10.8	15.9	16.8	17.7
ROA (%)	0.9	7.7	11.2	11.9	12.5
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
MK	8,274	11,639	13,268	13,666	14,144
Yayoi	2,124	2,831	3,227	3,324	3,441
LCS	559	944	1,151	1,266	1,355
Other	224	315	362	382	407

Sources: MK Restaurant Group; FSSIA estimates

## Financial Statements

### MK Restaurant Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	131	1,439	2,170	2,334	2,506
Depreciation	2,009	1,997	2,014	2,032	2,047
Associates & minorities	13	37	25	(4)	(5)
Other non-cash items	0	0	0	0	0
Change in working capital	(147)	295	(126)	24	28
<b>Cash flow from operations</b>	<b>2,007</b>	<b>3,768</b>	<b>4,083</b>	<b>4,385</b>	<b>4,576</b>
Capex - maintenance	(5,049)	(1,653)	(1,950)	(2,300)	(2,600)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	3,910	(691)	19	(28)	(32)
<b>Cash flow from investing</b>	<b>(1,139)</b>	<b>(2,344)</b>	<b>(1,931)</b>	<b>(2,328)</b>	<b>(2,632)</b>
Dividends paid	(460)	(1,197)	(1,844)	(2,100)	(2,256)
Equity finance	0	0	0	0	0
Debt finance	(410)	(187)	(270)	(23)	177
Other financing cash flows	28	51	(95)	38	42
<b>Cash flow from financing</b>	<b>(842)</b>	<b>(1,333)</b>	<b>(2,209)</b>	<b>(2,085)</b>	<b>(2,036)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>26</b>	<b>91</b>	<b>(57)</b>	<b>(29)</b>	<b>(92)</b>
Free cash flow to firm (FCFF)	937.23	1,510.24	2,233.26	2,137.61	2,023.92
Free cash flow to equity (FCFE)	486.05	1,287.71	1,787.00	2,071.73	2,163.91

#### Per share (THB)

FCFF per share	1.02	1.64	2.43	2.32	2.20
FCFE per share	0.53	1.40	1.94	2.25	2.35
Recurring cash flow per share	2.34	3.77	4.57	4.74	4.94

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	11,525	11,913	12,263	12,613	12,913
Less: Accumulated depreciation	(8,683)	(9,167)	(9,258)	(9,351)	(9,444)
<b>Tangible fixed assets (net)</b>	<b>2,842</b>	<b>2,747</b>	<b>3,005</b>	<b>3,263</b>	<b>3,469</b>
<b>Intangible fixed assets (net)</b>	<b>5,810</b>	<b>5,533</b>	<b>5,210</b>	<b>5,221</b>	<b>5,568</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,690	2,366	2,366	2,375	2,385
Cash & equivalents	7,689	7,779	7,722	7,694	7,602
A/C receivable	167	121	148	153	159
Inventories	392	414	596	608	621
Other current assets	170	111	180	186	193
<b>Current assets</b>	<b>8,418</b>	<b>8,426</b>	<b>8,646</b>	<b>8,641</b>	<b>8,576</b>
Other assets	808	830	810	839	871
<b>Total assets</b>	<b>19,569</b>	<b>19,901</b>	<b>20,038</b>	<b>20,339</b>	<b>20,868</b>
Common equity	13,194	13,443	13,768	14,002	14,252
Minorities etc.	314	322	347	352	357
<b>Total shareholders' equity</b>	<b>13,509</b>	<b>13,765</b>	<b>14,115</b>	<b>14,354</b>	<b>14,609</b>
Long term debt	2,207	2,023	1,823	1,723	1,823
Other long-term liabilities	1,124	1,175	1,081	1,118	1,161
<b>Long-term liabilities</b>	<b>3,331</b>	<b>3,198</b>	<b>2,903</b>	<b>2,841</b>	<b>2,984</b>
A/C payable	1,355	1,449	1,532	1,563	1,598
Short term debt	0	0	0	0	0
Other current liabilities	1,374	1,489	1,487	1,581	1,677
<b>Current liabilities</b>	<b>2,729</b>	<b>2,938</b>	<b>3,019</b>	<b>3,144</b>	<b>3,275</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,569</b>	<b>19,901</b>	<b>20,038</b>	<b>20,339</b>	<b>20,868</b>
Net working capital	(2,000)	(2,291)	(2,095)	(2,197)	(2,302)
Invested capital	9,151	9,184	9,297	9,501	9,991

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

#### Per share (THB)

Book value per share	14.33	14.60	14.95	15.20	15.48
Tangible book value per share	8.02	8.59	9.29	9.53	9.43

#### Financial strength

Net debt/equity (%)	(40.6)	(41.8)	(41.8)	(41.6)	(39.6)
Net debt/total assets (%)	(28.0)	(28.9)	(29.4)	(29.4)	(27.7)
Current ratio (x)	3.1	2.9	2.9	2.7	2.6
CF interest cover (x)	8.0	15.9	23.0	26.7	28.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>346.3</b>	<b>31.5</b>	<b>20.9</b>	<b>19.4</b>	<b>18.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>414.8</b>	<b>37.8</b>	<b>25.0</b>	<b>23.3</b>	<b>21.7</b>
Reported P/E (x)	346.3	31.5	20.9	19.4	18.1
Dividend yield (%)	1.6	2.8	4.1	4.6	5.0
Price/book (x)	3.4	3.4	3.3	3.2	3.2
Price/tangible book (x)	6.1	5.7	5.3	5.2	5.2
EV/EBITDA (x) **	18.2	10.3	8.4	8.1	7.8
EV/EBITDA @ target price (x) **	22.2	12.6	10.3	9.9	9.5
EV/invested capital (x)	4.4	4.3	4.3	4.2	4.0

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

Sources: MK Restaurant Group; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

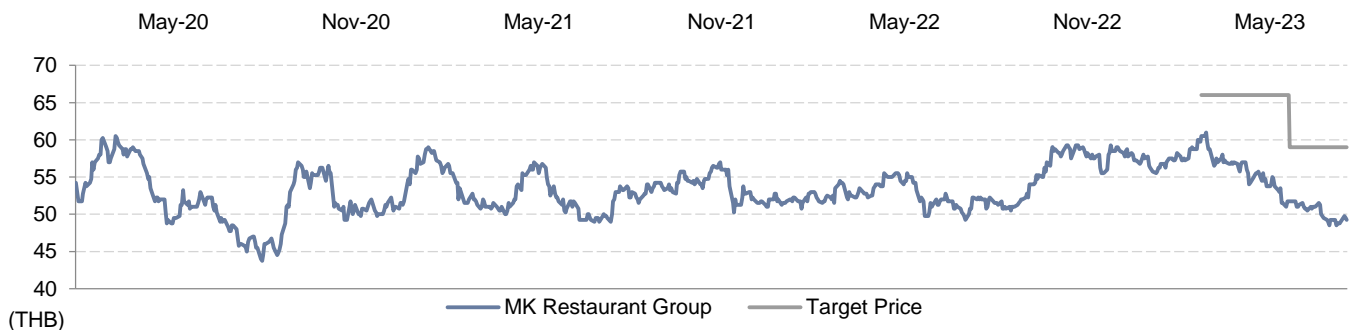
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### History of change in investment rating and/or target price

#### MK Restaurant Group (M TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Jan-2023	BUY	66.00	22-Mar-2023	BUY	59.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 05-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
MK Restaurant Group	M TB	THB 49.25	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) potential rises in raw material costs; 3) a lower-than-expected new store expansion; and 4) a minimum wage increase and labour shortages.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 11-May-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.