

MK RESTAURANT GROUP
THAILAND / FOOD & BEVERAGE

M TB

BUY
UNCHANGED

3Q23 results at first glance

TARGET PRICE	THB54.00
CLOSE	THB41.50
UP/DOWNSIDE	+30.1%
TP vs CONSENSUS	-0.6%

กำไร 3Q23 ต่ำกว่าคาด นำผิดหวังเพราะยังลด y-y

Highlights

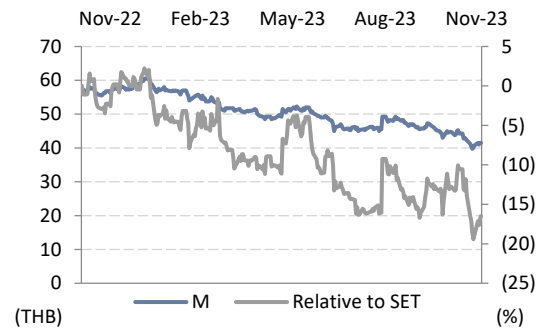
- M ประกาศกำไรสุทธิ 3Q23 เท่ากับ 389 ลบ. (-15.3% q-q, -4.7% y-y) ต่ำกว่าคาดที่เราและตลาดคาด 7% และ 4% ตามลำดับ นำผิดหวังเพราะเป็นกำไรที่ลดลง y-y มาจากค่าใช้จ่ายที่ยังปรับลงซ้ำ
- รายได้รวมยังฟื้นช้า +0.7% y-y และ -7.7% q-q ตามฤดูกาล โดย SSSG ทำได้เพียง +0.9% y-y ต่ำกว่าที่เราคาดไว้ +2.5% y-y ภาพรวมกำลังซื้อยังอ่อนแอ ในแง่การฟื้นตัวของจำนวนลูกค้าไม่ฟื้นคืน ยังต่ำกว่าก่อนโควิดราว 5%-10% ส่วนหนึ่งนักท่องเที่ยวยังไม่กลับมาฟื้นดี กอปรกับการแข่งขันที่สูง ทั้งจำนวนสาขาสิ้น 3Q23 ยังทรงตัว q-q เท่ากับ 698 สาขา แต่ต่ำกว่าปีก่อนที่ 710 สาขา เพราะมีการปิดสาขาที่ไม่สามารถทำกำไรได้ตามแผน รวมถึงการปิดบางสาขาเป็นการชั่วคราว ตามแผน Renovate ของห้างสรรพสินค้า
- อัตรากำไรขั้นต้นฟื้นได้น่าประทับใจที่ 66.7% สูงขึ้นจาก 65.7% ใน 2Q23 และ 65.2% ใน 3Q23 มาจากแรงกดดันด้านต้นทุนที่ลดลงทั้ง ราคาหมูที่ลดตามราคาตลาด -15% q-q
- ค่าใช้จ่ายปรับลงซ้ำกว่าคาด -4.4% q-q และ +8.1% y-y จากค่าใช้จ่ายพนักงานและค่าไฟที่ยังสูงกว่าปีก่อน ขณะที่รายได้ฟื้นช้า ทำให้ SG&A to sales ยังขยับสูงขึ้นเป็น 57.6% จาก 55.6% ใน 2Q23 และ 53.7% ใน 3Q22

Outlook

- บริษัทมีกำไรสุทธิ 9M23 เท่ากับ 1,173 ลบ. (+4.9% y-y) คิดเป็น 69% ของประมาณการทั้งปี แนวโน้มกำไร 4Q23 จะฟื้นตัวทั้ง q-q และ y-y ขยับขึ้นเป็นจุดสูงสุดของปี เพราะเป็นช่วง High season ของธุรกิจ, คาดหวังการฟื้นตัวของนักท่องเที่ยว, ต้นทุนวัตถุดิบลดลงต่อเนื่องทั้ง ราคาหมู และอาหารทะเล และรับรู้ค่าไฟที่ลดลงได้เต็มไตรมาส
- เรายังคงมุมมองเดิมว่าผลการดำเนินงานจะฟื้นตัวอย่างค่อยเป็นค่อยไป จากฝั่งต้นทุนที่ลดลงเป็นหลัก ขณะที่จำนวนลูกค้าเข้าร้านยังเป็นเรื่องท้าทาย เพราะยังเผชิญภาวะกำลังซื้อที่ไม่สดใส และการแข่งขันที่ยังรุนแรง แต่เรายังคาดการณ์ท่องเที่ยวที่ฟื้นตัวจะช่วยหนุนรายได้แหลมเจริญ รวมถึงหากมีการปรับขึ้นค่าแรงขั้นต่ำ เราคาดว่าจะมีการปรับขึ้นราคาอาหารเพื่อหักล้างผลกระทบดังกล่าว
- คงประมาณการกำไรสุทธิปี 2023-24 ตามเดิมที่จะเติบโตราว 19% y-y และ 16.7% y-y ตามลำดับ และคงราคาเป้าหมายปี 2024 ที่ 54 บาท (อิง PE เดิม 25x) คงคำแนะนำซื้อลงทุน

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	15,728	17,191	19,116	20,397
Net profit	1,439	1,712	1,998	2,175
EPS (THB)	1.56	1.86	2.17	2.36
vs Consensus (%)	-	2.9	0.5	0.5
EBITDA	3,867	4,172	4,555	4,780
Recurring net profit	1,439	1,712	1,998	2,175
Core EPS (THB)	1.56	1.86	2.17	2.36
EPS growth (%)	998.5	19.0	16.7	8.9
Core P/E (x)	26.6	22.3	19.1	17.6
Dividend yield (%)	3.4	3.9	4.4	4.8
EV/EBITDA (x)	8.5	7.9	7.1	6.8
Price/book (x)	2.8	2.8	2.7	2.7
Net debt/Equity (%)	(41.8)	(41.1)	(42.0)	(40.6)
ROE (%)	10.8	12.6	14.4	15.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.8)	(8.8)	(27.5)
Relative to country (%)	(6.0)	(0.8)	(16.3)
Mkt cap (USD m)	1,074		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	61.50/39.50		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

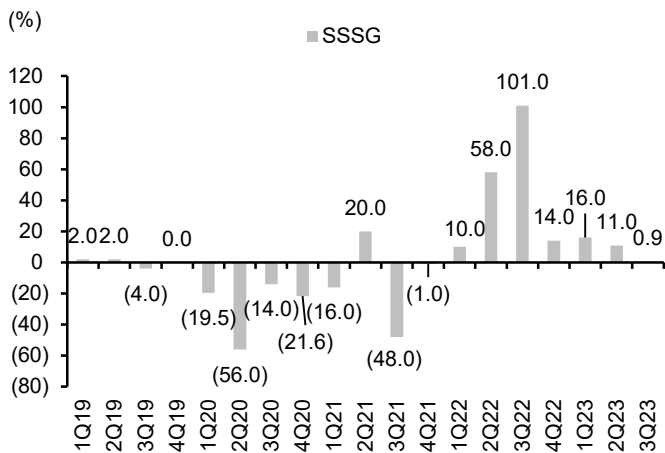
Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

Exhibit 1: 3Q23 results summary

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	---- Change ----		9M22	9M23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	3,495	4,016	4,067	4,149	4,089	4,435	4,094	(7.7)	0.7	11,578	12,619	9.0
Cost of sales	1,204	1,394	1,413	1,450	1,426	1,521	1,365	(10.3)	(3.5)	4,011	4,312	7.5
Gross profit	2,291	2,623	2,654	2,699	2,663	2,914	2,730	(6.3)	2.9	7,568	8,307	9.8
SG&A	2,008	2,118	2,182	2,337	2,307	2,468	2,360	(4.4)	8.1	6,309	7,134	13.1
Operating profit	347	555	527	442	424	541	473	(12.6)	(10.2)	1,428	1,438	0.7
Interest expense	21	21	21	23	23	26	20	(22.5)	(4.8)	63	69	9.5
Tax expense	51	89	86	82	65	47	60	28.4	(30.4)	226	172	(24.0)
Reported net profit	271	439	408	321	325	459	389	(15.3)	(4.7)	1,118	1,173	4.9
Core profit	271	418	408	321	325	459	389	(15.3)	(4.7)	1,097	1,173	6.9
Key ratios (%)								(ppt)	(ppt)			
Gross margin	65.6	65.3	65.2	65.0	65.1	65.7	66.7	1.0	1.4	65.4	65.8	0.5
SG&A / Sales	57.5	52.7	53.7	56.3	56.4	55.6	57.6	2.0	4.0	54.5	56.5	2.1
Operating margin	9.9	13.8	12.9	10.7	10.4	12.2	11.5	(0.7)	(1.4)	12.3	11.4	(0.9)
Net margin	7.7	10.9	10.0	7.7	8.0	10.3	9.5	(0.9)	(0.5)	9.7	9.3	(0.4)
Norm margin	7.7	10.4	10.0	7.7	8.0	10.3	9.5	(0.9)	(0.5)	9.5	9.3	(0.2)
Operating statistics												
SSSG (%)	10.0	58.0	101.0	14.0	16.0	11.0	0.9			56.3	9.3	
Total stores (no.)	705	707	710	710	703	698	698			710	698	

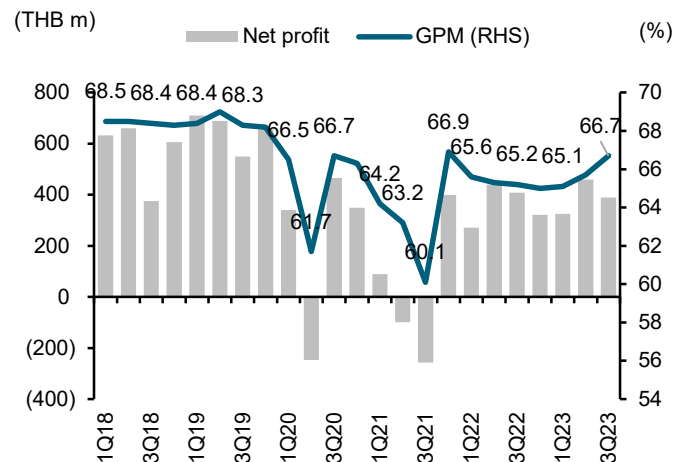
Sources: M; FSSIA's compilation

Exhibit 2: Quarterly same-store-sales growth (%y-y)



Sources: M, FSSIA estimates

Exhibit 3: Quarterly net profit and gross margin



Sources: M, FSSIA's compilation

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,182	15,728	17,191	19,116	20,397
Cost of goods sold	(4,015)	(5,461)	(5,879)	(6,499)	(6,894)
Gross profit	7,167	10,267	11,311	12,617	13,503
Other operating income	207	249	352	382	408
Operating costs	(7,170)	(8,646)	(9,506)	(10,476)	(11,177)
Operating EBITDA	2,213	3,867	4,172	4,555	4,780
Depreciation	(2,009)	(1,997)	(2,014)	(2,032)	(2,047)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	204	1,870	2,157	2,523	2,733
Net financing costs	(69)	(87)	(101)	(101)	(101)
Associates	(23)	(29)	(18)	(5)	4
Recurring non-operating income	(23)	(29)	(18)	(5)	4
Non-recurring items	0	0	0	0	0
Profit before tax	111	1,755	2,038	2,417	2,635
Tax	10	(308)	(306)	(411)	(448)
Profit after tax	121	1,447	1,733	2,006	2,187
Minority interests	10	(8)	(21)	(8)	(12)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	131	1,439	1,712	1,998	2,175
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	131	1,439	1,712	1,998	2,175
Per share (THB)					
Recurring EPS *	0.14	1.56	1.86	2.17	2.36
Reported EPS	0.14	1.56	1.86	2.17	2.36
DPS	0.80	1.40	1.60	1.84	2.01
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	(16.3)	40.7	9.3	11.2	6.7
Operating EBITDA (%)	(32.3)	74.7	7.9	9.2	4.9
Operating EBIT (%)	(82.0)	816.8	15.3	17.0	8.3
Recurring EPS (%)	(85.6)	998.5	19.0	16.7	8.9
Reported EPS (%)	(85.6)	998.5	19.0	16.7	8.9
Operating performance					
Gross margin inc. depreciation (%)	64.1	65.3	65.8	66.0	66.2
Gross margin exc. depreciation (%)	82.1	78.0	77.5	76.6	76.2
Operating EBITDA margin (%)	19.8	24.6	24.3	23.8	23.4
Operating EBIT margin (%)	1.8	11.9	12.6	13.2	13.4
Net margin (%)	1.2	9.1	10.0	10.5	10.7
Effective tax rate (%)	(8.5)	17.5	15.0	17.0	17.0
Dividend payout on recurring profit (%)	562.5	89.6	86.0	85.0	85.0
Interest cover (X)	2.6	21.2	21.2	24.9	27.0
Inventory days	73.8	42.5	46.2	48.5	48.4
Debtor days	4.5	3.3	2.8	2.8	2.9
Creditor days	242.7	147.7	136.9	124.7	124.3
Operating ROIC (%)	17.2	230.6	242.6	201.4	205.0
ROIC (%)	1.5	16.1	18.5	21.5	22.6
ROE (%)	1.0	10.8	12.6	14.4	15.4
ROA (%)	0.9	7.7	9.1	10.4	10.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
MK	8,274	11,639	12,715	14,088	15,032
Yayoi	2,124	2,831	3,071	3,462	3,679
LCS	559	944	1,043	1,184	1,278
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	1,712	1,998	2,175
Depreciation	2,009	1,997	2,014	2,032	2,047
Associates & minorities	13	37	42	10	2
Other non-cash items	0	0	0	0	0
Change in working capital	(147)	295	(183)	110	71
Cash flow from operations	2,007	3,768	3,585	4,150	4,294
Capex - maintenance	(5,049)	(1,653)	(1,950)	(2,300)	(2,600)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	3,910	(691)	56	(87)	(58)
Cash flow from investing	(1,139)	(2,344)	(1,894)	(2,387)	(2,658)
Dividends paid	(460)	(1,197)	(1,472)	(1,699)	(1,849)
Equity finance	0	0	0	0	0
Debt finance	(410)	(187)	(270)	(23)	177
Other financing cash flows	28	51	(144)	116	77
Cash flow from financing	(842)	(1,333)	(1,886)	(1,606)	(1,595)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	26	91	(195)	158	41
Free cash flow to firm (FCFF)	937.23	1,510.24	1,792.38	1,864.78	1,737.94
Free cash flow to equity (FCFE)	486.05	1,287.71	1,277.11	1,856.36	1,890.46

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	1.02	1.64	1.95	2.03	1.89
FCFE per share	0.53	1.40	1.39	2.02	2.05
Recurring cash flow per share	2.34	3.77	4.09	4.39	4.59

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)
Tangible fixed assets (net)	2,842	2,747	3,005	3,263	3,469
Intangible fixed assets (net)	5,810	5,533	5,210	5,221	5,568
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,690	2,366	2,348	2,343	2,347
Cash & equivalents	7,689	7,779	7,584	7,742	7,784
A/C receivable	167	121	141	157	168
Inventories	392	414	564	623	661
Other current assets	170	111	172	191	204
Current assets	8,418	8,426	8,461	8,714	8,816
Other assets	808	830	774	860	918
Total assets	19,569	19,901	19,799	20,401	21,118
Common equity	13,194	13,443	13,682	13,982	14,308
Minorities etc.	314	322	347	352	357
Total shareholders' equity	13,509	13,765	14,029	14,334	14,665
Long term debt	2,207	2,023	1,823	1,723	1,823
Other long-term liabilities	1,124	1,175	1,031	1,147	1,224
Long-term liabilities	3,331	3,198	2,854	2,870	3,047
A/C payable	1,355	1,449	1,450	1,603	1,700
Short term debt	0	0	0	0	0
Other current liabilities	1,374	1,489	1,465	1,594	1,706
Current liabilities	2,729	2,938	2,915	3,197	3,406
Total liabilities and shareholders' equity	19,569	19,901	19,799	20,401	21,118
Net working capital	(2,000)	(2,291)	(2,038)	(2,225)	(2,373)
Invested capital	9,151	9,184	9,299	9,462	9,929

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	14.33	14.60	14.86	15.18	15.54
Tangible book value per share	8.02	8.59	9.20	9.51	9.49

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	(40.6)	(41.8)	(41.1)	(42.0)	(40.6)
Net debt/total assets (%)	(28.0)	(28.9)	(29.1)	(29.5)	(28.2)
Current ratio (x)	3.1	2.9	2.9	2.7	2.6
CF interest cover (x)	8.0	15.9	13.6	19.4	19.7

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	291.8	26.6	22.3	19.1	17.6
Recurring P/E @ target price (x) *	379.7	34.6	29.1	24.9	22.9
Reported P/E (x)	291.8	26.6	22.3	19.1	17.6
Dividend yield (%)	1.9	3.4	3.9	4.4	4.8
Price/book (x)	2.9	2.8	2.8	2.7	2.7
Price/tangible book (x)	5.2	4.8	4.5	4.4	4.4
EV/EBITDA (x) **	14.9	8.5	7.9	7.1	6.8
EV/EBITDA @ target price (x) **	20.1	11.5	10.6	9.7	9.2
EV/invested capital (x)	3.6	3.6	3.5	3.4	3.3

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

Sources: MK Restaurant Group; FSSIA estimates

MK RESTAURANT GROUP PCL (M TB)

FSSIA ESG rating

26.38 /100
Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★☆	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★☆☆☆	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★☆☆☆☆	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
M	26.38	--	--	--	4.00	4.00	Certified	Medium	--	--	--	--	17.00	--	--
NSL	12.00	--	--	--	3.00	4.00	--	--	--	--	--	--	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--
SNNP	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 6: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	10 / 6 / 2
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	5 / 98%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	--
Biodiversity policy	--	Number of non-executive directors on board	9
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	61 / 83
Waste reduction policy	Yes	Number of executives / female	10 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	6
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	Size of compensation committee	3 / 2
Quality assurance and recall policy	Yes	Number of compensation committee meetings	2
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 2
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	Yes	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	4.86
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	2.20
Health and safety policy	Yes	(EY Office Limited)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																										
AA	7.143-8.570																												
A	5.714-7.142																												
BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																										
BB	2.857-4.285																												
B	1.429-2.856																												
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

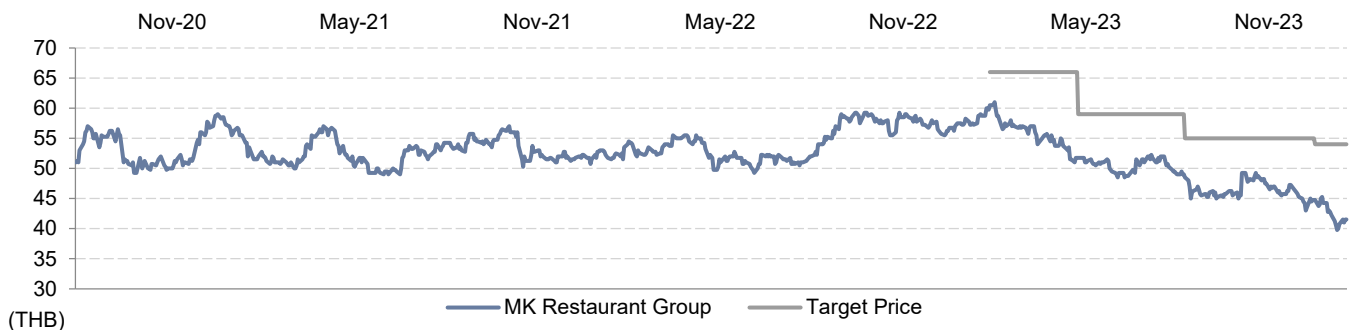
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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-Jun-2023	BUY	55.00	-	-	-
22-Mar-2023	BUY	59.00	12-Oct-2023	BUY	54.00			

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 41.50	BUY	Downside risks to our TP include 1) a slower-than-expected consumption recovery and more intense competition; 2) slower-than-expected decreases in raw material costs; 3) a lower-than-expected new store expansion; and 4) a minimum wage increase and labor 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 Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 09-Nov-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.