

MK RESTAURANT GROUP

THAILAND / FOOD & BEVERAGE

M TB

BUY

UNCHANGED

การฟื้นตัวช้ากว่าคาด หลัง SSSG ติดลบ

- แนวโน้มกำไร 4Q23 อาจฟื้นต่ำกว่าที่เคยคาด 20% เหลือเพียงโตเล็กน้อย q-q
- ต้นทุนวัตถุดิบทรงตัวได้ แต่รายได้ชะลอตัว นำไปสู่การปรับลดกำไรลง 8-12%
- ปรับลดเป้าเป็น 47 บาท ระยะสั้น ราคาหุ้นขาด Catalyst แต่ฐานะการเงินยังแข็งแกร่ง และคาด Dividend yield 4% ต่อปี

TARGET PRICE	THB47.00
CLOSE	THB40.00
UP/DOWNSIDE	+17.5%
PRIOR TP	THB54.00
CHANGE IN TP	-13.0%
TP vs CONSENSUS	-10.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	15,728	16,685	18,002	18,980
Net profit	1,439	1,568	1,755	1,895
EPS (THB)	1.56	1.70	1.91	2.06
vs Consensus (%)	-	(5.0)	(7.4)	(11.4)
EBITDA	3,867	3,934	4,228	4,400
Recurring net profit	1,439	1,568	1,755	1,895
Core EPS (THB)	1.56	1.70	1.91	2.06
Chg. In EPS est. (%)	-	(8.4)	(12.2)	(12.9)
EPS growth (%)	998.5	9.0	11.9	8.0
Core P/E (x)	25.6	23.5	21.0	19.4
Dividend yield (%)	3.5	3.7	4.0	4.4
EV/EBITDA (x)	8.1	8.0	7.4	7.1
Price/book (x)	2.7	2.7	2.6	2.6
Net debt/Equity (%)	(41.8)	(40.7)	(41.1)	(39.5)
ROE (%)	10.8	11.6	12.7	13.5

แนวโน้มกำไร 4Q23 อาจทำได้ต่ำกว่าที่เคยคาด

ค่ากำไรสุทธิ 4Q23 อยู่ที่ 405 ลบ. (+4.2% q-q, +26% y-y) ยังโตได้ทั้ง q-q, y-y แต่ต่ำกว่าที่เคยคาดไว้ราว 20% โดยรวมถือเป็นการฟื้นตัวช้ากว่าที่เคยคาด แม้ภาพรวมวัตถุดิบทรงตัวได้ ค่าอัตรากำไรขั้นต้นอาจใกล้เคียง 3Q23 ที่ราว 66.7% และคาดใช้จ่ายปรับลดลง จากค่าไฟที่ลดลง แต่ SSSG พลิกเป็นติดลบราว -2.5% y-y ติดลบทั้งแบรนด MK และ Yaiyoi โดยเริ่มซึมลงมากขึ้นในเดือน พ.ย. ก่อนจะฟื้นในช่วงครึ่งหลัง ธ.ค. จากปัจจัยฤดูกาล ขณะที่มีการเปิดสาขาใหม่ (สุทธิ) เพียง 4 สาขา จึงคาดรายได้รวม 4Q23 ไม่สดใส -0.7% q-q และ -2% y-y แม้การแข่งขันยังสูง แต่เรามองว่าปัญหาหลักมาจากกำลังซื้อที่อ่อนแอ

เป้าการเติบโตไม่ฟื้นตัว ยังไม่เห็นสัญญาณการฟื้นตัวกำลังซื้อที่ดี

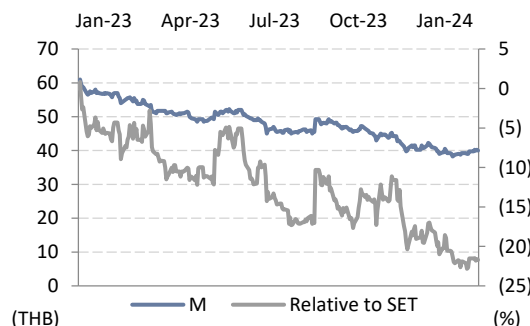
บริษัทตั้งเป้ารายได้ปี 2024 เติบโตเพียง 7% y-y (ต่ำกว่าปกติที่มักตั้งเป้าโตเป็นตัวเลขสองหลัก) ภายใต้สมมติฐานอาจพิจารณาปรับขึ้นราคาตามแผนปกติปีละ 3% และมีแผนเปิดสาขาใหม่เพียง 21 สาขา (9 MK, 6 Yaiyoi, 6 LCS) ต่ำกว่าปกติที่มักเปิดปีละ 30-40 สาขา โดยบริษัทให้เหตุผลว่าส่วนหนึ่งเป็นการปรับแผนตามห่วงโซ่อุปทาน ระยะสั้น กำไร 1Q24 น่าจะยังฟื้นช้าๆ เพราะค่าไฟกลับมาปรับขึ้นอีกครั้ง กอปรกับบริษัทไม่ได้เข้าร่วม E-receipt และสำคัญคือ เรายังไม่เห็นสัญญาณการฟื้นตัวของกำลังซื้อที่ดี

ปรับลดกำไรลงปีละ 8-12% แต่ยังเป็นกำไรที่เติบโตได้

เราปรับลดกำไรสุทธิปี 2023-25 ลง 8-12% เป็นการเติบโต 9%/12%/8% ตามลำดับ รายได้ร้าน MK (ไม่รวม LCS) ยังต่ำกว่าก่อนโควิดอยู่ 6-7% และคาดจะกลับมาเท่าได้ในปี 2025 แต่รายได้รวมจะสูงกว่าก่อนโควิดได้ตั้งแต่ 2024 เป็นต้นไป เพราะก่อนโควิดยังไม่มี LCS ด้วยภาวะเงินเฟ้อที่ผ่านพ้นไปแล้ว เรายังคาดหวังกำลังซื้อจะทยอยฟื้นตัวได้ในปี 2024 และเชื่อว่า M จะสามารถรักษาลูกค้าของตนเองไว้ได้ ส่วนนโยบายการปรับขึ้นค่าแรง 2-3% กระทบจำกัด เพราะต่ำกว่าการปรับขึ้นเงินเดือนในอดีตของ บริษัท

ระยะสั้น ไม่มี Catalyst หนุนราคาหุ้น แต่ฐานะการเงินแข็งแกร่ง

ปรับลดราคาเป้าหมายปี 2024 เป็น 47 บาท จากเดิม 54 บาท (อิง PE เดิม 25x) แม้ระยะสั้น อาจไม่มี Catalyst หนุนราคาหุ้น แต่แนวโน้มกำไรยังเติบโตได้ และคาด Dividend yield ปีละ 4% ขณะที่ฐานะทางการเงินแข็งแกร่ง ไม่มีภาระหนี้ที่มีดอกเบี้ยจ่าย และมีเงินสดในมือสูง จึงยังแนะนำ ซื้อลงทุน



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.3	(7.0)	(33.1)
Relative to country (%)	(1.9)	(5.4)	(22.0)
Mkt cap (USD m)	1,061		
3m avg. daily turnover (USD m)	0.7		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	61.50/38.00		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

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

Investment thesis

เรามองว่า M คือผู้นำในธุรกิจเซ่นร้านอาหารในไทย จากจำนวนสาขาที่ค่อนข้างมาก และกระจายอยู่ทั่วประเทศไทยทั้งในกทม.ปริมณฑล และต่างจังหวัด โดยมีจุดแข็งอยู่ที่การบริหารจัดการอย่างมืออาชีพ ทั้งศูนย์ฝึกอบรมพนักงาน ศูนย์กระจายสินค้า และครัวกลาง โดยเน้นการนำเสนออาหารที่มีคุณภาพ สดใหม่ ให้กับลูกค้า ภายใต้การให้บริการที่ดี

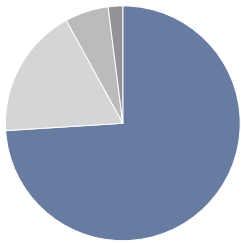
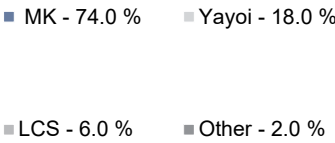
ปัจจุบันถือเป็นช่วงเวลาที่ทำนายสำหรับบริษัท ทั้งการฟื้นตัวหลังโควิด, การแข่งขันที่สูงขึ้นจากผู้ประกอบการรายใหม่ และภาวะเงินเฟ้อ ทำให้ผลประกอบการยังฟื้นตัวอย่างค่อยเป็นค่อยไปในปี 2023 อย่างไรก็ตาม เราคาดว่าอะไรจะฟื้นตัวได้ต่อเนื่องในปี 2024-25 คาดหวังการฟื้นตัวของจำนวนลูกค้าและนักท่องเที่ยวต่างชาติ รวมถึงต้นทุนวัตถุดิบอาหารและค่าไฟที่เริ่มปรับลดลง จะช่วยหักล้างต้นทุนค่าแรงที่มีแนวโน้มปรับขึ้นในปี 2024 ได้

Company profile

M เปิดร้านสุกี้ยากิสาขาแรกในไทยในปี 1984 และเป็นสาขาแรกในญี่ปุ่นปี 1994 สิ้นปี 2022 บริษัทมีจำนวนสาขาทั้งสิ้น 710 สาขา ประกอบด้วยหลากหลายแบรนด์ นำโดย MK 455 สาขา, Yayoi 195 สาขา, และยังมีแบรนด์อื่นๆ อาทิ Miyazaki, Hakata, ณ สยาม, เลอ สยาม และในปี 2020 ได้เข้าลงทุนในร้านอาหารแหลมเจริญซีฟู้ด ซึ่งมีจำนวนสาขาเท่ากับ 36 สาขาในปี 2022

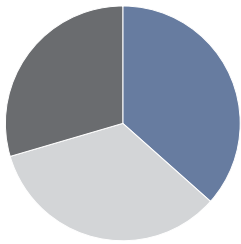
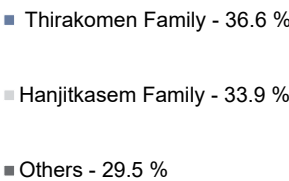
www.mkrestaurant.com

Principal activities (revenue, 2022)



Source: MK Restaurant Group

Major shareholders



Source: MK Restaurant Group

Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การเติบโตของจำนวนลูกค้าเข้าร้าน และการปรับขึ้นของราคาอาหาร 2) การฟื้นตัวของภาคท่องเที่ยวช่วยหนุนลูกค้าต่างชาติ 3) ต้นทุนวัตถุดิบอาหารปรับลดลง และ 4) การขยายสาขาใหม่

Risks to our call

ความเสี่ยง 1) กำลังซื้อฟื้นตัวช้ากว่าคาด การแข่งขันสูงขึ้น 2) ต้นทุนวัตถุดิบอาหารปรับลงช้ากว่าคาด 3) ขยายสาขาใหม่ต่ำกว่าแผน และ 4) ต้นทุนค่าแรงปรับตัวสูงขึ้น หรือประสบปัญหาขาดแคลนแรงงาน

Event calendar

Date	Event
February 2024	4Q23 results announcement
March 2024	4Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
SSSG (%)	6.4	5.0	3.0
Total stores (no.)	703	722	737
Total revenue growth (%)	6.1	7.9	5.4
Gross margin (%)	66.0	66.2	66.4
SG&A to sales (%)	56.6	56.0	56.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 3%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

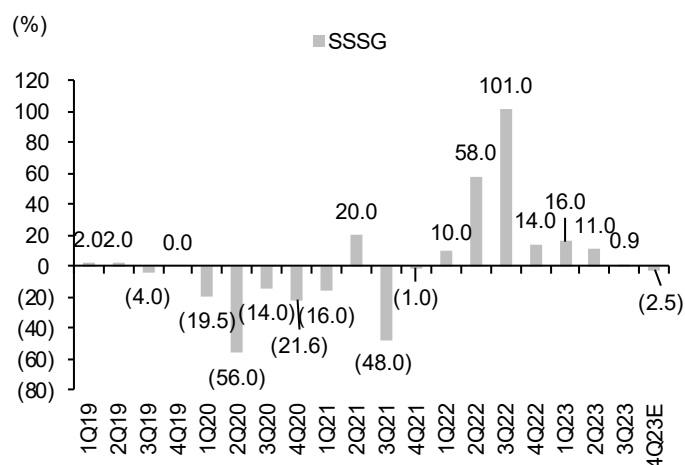
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	3,495	4,016	4,067	4,149	4,089	4,435	4,094	4,066	(0.7)	(2.0)
Cost of sales	1,204	1,394	1,413	1,450	1,426	1,521	1,365	1,354	(0.8)	(6.6)
Gross profit	2,291	2,623	2,654	2,699	2,663	2,914	2,730	2,712	(0.6)	0.5
SG&A	2,008	2,118	2,182	2,337	2,307	2,468	2,360	2,318	(1.8)	(0.8)
Operating profit	347	555	527	442	424	541	473	489	3.5	10.7
Interest expense	21	21	21	23	23	26	20	20	(1.2)	(14.3)
Tax expense	51	89	86	82	65	47	60	61	1.9	(25.6)
Reported net profit	271	439	408	321	325	459	389	405	4.2	26.4
Core profit	271	418	408	321	325	459	389	405	4.2	26.4

Key ratios (%)									(ppt)	(ppt)
Gross margin	65.6	65.3	65.2	65.0	65.1	65.7	66.7	66.7	0.0	1.7
SG&A to sales	57.5	52.7	53.7	56.3	56.4	55.6	57.6	57.0	(0.6)	0.7
Operating margin	9.9	13.8	12.9	10.7	10.4	12.2	11.5	12.0	0.5	1.4
Net margin	7.7	10.9	10.0	7.7	8.0	10.3	9.5	10.0	0.5	2.2
Norm margin	7.7	10.4	10.0	7.7	8.0	10.3	9.5	10.0	0.5	2.2

Operating statistics										
SSSG (%)	10.0	58.0	101.0	14.0	16.0	11.0	0.9	(2.5)		
Total stores (no.)	705	707	710	710	703	698	698	703		

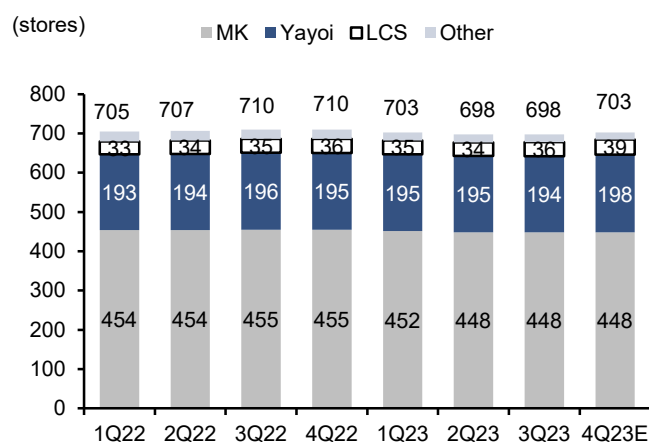
Sources: M, FSSIA estimates

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



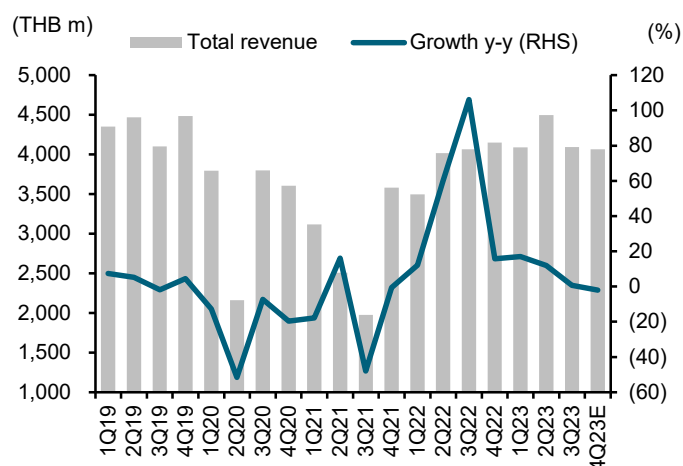
Sources: M, FSSIA estimates

Exhibit 3: Number of stores



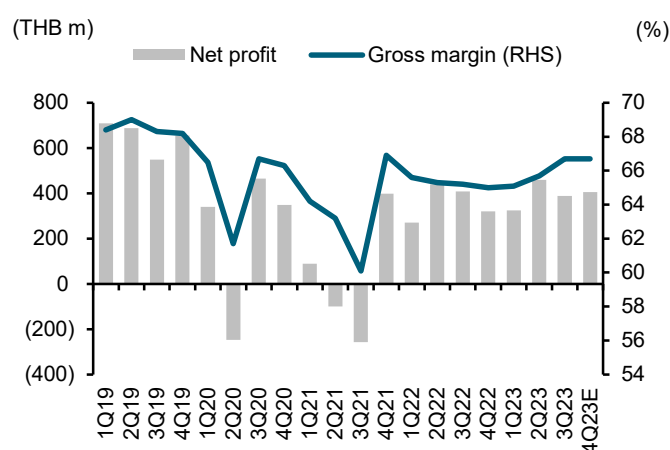
Sources: M, FSSIA estimates

Exhibit 4: Quarterly total revenue and growth



Sources: M, FSSIA estimates

Exhibit 5: Quarterly net profit and gross margin



Sources: M, FSSIA estimates

Exhibit 6: Change of key assumptions for M

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Sales	16,685	18,002	18,980	17,191	19,116	20,397	(2.9)	(5.8)	(6.9)
Cost of sales	5,673	6,085	6,377	5,879	6,499	6,894	(3.5)	(6.4)	(7.5)
Gross profit	11,012	11,917	12,603	11,311	12,617	13,503	(2.6)	(5.5)	(6.7)
SG&A	9,452	10,081	10,629	9,506	10,476	11,177	(0.6)	(3.8)	(4.9)
Operating profit	1,920	2,196	2,354	2,157	2,523	2,733	(11.0)	(13.0)	(13.9)
Interest expense	89	92	92	101	101	101	(11.6)	(9.1)	(8.8)
Tax expense	233	336	362	306	411	448	(23.9)	(18.3)	(19.1)
Reported net profit	1,568	1,755	1,895	1,712	1,998	2,175	(8.4)	(12.2)	(12.9)
Core profit	1,568	1,755	1,895	1,712	1,998	2,175	(8.4)	(12.2)	(12.9)
Key ratios (%)									
Total sales growth	6.1	7.9	5.4	9.3	11.2	6.7			
Net profit growth	9.0	11.9	8.0	19.0	16.7	8.9			
Core profit growth	9.0	11.9	8.0	19.0	16.7	8.9			
Gross margin	66.0	66.2	66.4	65.8	66.0	66.2	0.3	0.3	0.3
SG&A to sales	56.6	56.0	56.0	55.3	54.8	54.8	1.3	1.2	1.2
Operating margin	11.5	12.2	12.4	12.6	13.2	13.4	(8.3)	(7.6)	(7.5)
Net margin	9.4	9.7	10.0	10.0	10.5	10.7	(0.6)	(0.7)	(0.7)
Core margin	9.4	9.7	10.0	10.0	10.5	10.7	(5.6)	(6.8)	(6.4)
Operating statistics									
SSSG (%)	6.4	5.0	3.0	7.5	5.0	3.0			
Total stores (no.)	703	722	737	737	763	788			

Source: FSSIA estimates

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,182	15,728	16,685	18,002	18,980
Cost of goods sold	(4,015)	(5,461)	(5,673)	(6,085)	(6,377)
Gross profit	7,167	10,267	11,012	11,917	12,603
Other operating income	207	249	360	360	380
Operating costs	(7,170)	(8,646)	(9,452)	(10,081)	(10,629)
Operating EBITDA	2,213	3,867	3,934	4,228	4,400
Depreciation	(2,009)	(1,997)	(2,014)	(2,032)	(2,047)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	204	1,870	1,920	2,196	2,354
Net financing costs	(69)	(87)	(89)	(92)	(92)
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	1,813	2,099	2,265
Tax	10	(308)	(233)	(336)	(362)
Profit after tax	121	1,447	1,580	1,764	1,902
Minority interests	10	(8)	(13)	(9)	(7)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	131	1,439	1,568	1,755	1,895
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	131	1,439	1,568	1,755	1,895
Per share (THB)					
Recurring EPS *	0.14	1.56	1.70	1.91	2.06
Reported EPS	0.14	1.56	1.70	1.91	2.06
DPS	0.80	1.40	1.46	1.62	1.75
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	(16.3)	40.7	6.1	7.9	5.4
Operating EBITDA (%)	(32.3)	74.7	1.7	7.5	4.1
Operating EBIT (%)	(82.0)	816.8	2.7	14.4	7.2
Recurring EPS (%)	(85.6)	998.5	9.0	11.9	8.0
Reported EPS (%)	(85.6)	998.5	9.0	11.9	8.0
Operating performance					
Gross margin inc. depreciation (%)	64.1	65.3	66.0	66.2	66.4
Gross margin exc. depreciation (%)	82.1	78.0	78.1	77.5	77.2
Operating EBITDA margin (%)	19.8	24.6	23.6	23.5	23.2
Operating EBIT margin (%)	1.8	11.9	11.5	12.2	12.4
Net margin (%)	1.2	9.1	9.4	9.7	10.0
Effective tax rate (%)	-8.5	17.5	12.8	16.0	16.0
Dividend payout on recurring profit (%)	562.5	89.6	86.0	85.0	85.0
Interest cover (X)	2.6	21.2	21.3	23.9	25.5
Inventory days	73.8	42.5	47.8	50.8	50.4
Debtor days	4.5	3.3	2.8	2.9	2.9
Creditor days	242.7	147.7	142.1	130.5	129.5
Operating ROIC (%)	17.2	230.6	210.7	166.3	164.0
ROIC (%)	1.5	16.1	16.5	18.7	19.4
ROE (%)	1.0	10.8	11.6	12.7	13.5
ROA (%)	0.9	7.7	8.3	9.2	9.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
MK	8,274	11,639	12,441	13,187	13,846
Yayoi	2,124	2,831	3,028	3,462	3,679
LCS	559	944	1,009	1,135	1,226
Other	224	315	207	217	228

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	1,568	1,755	1,895
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	(219)	74	53
Cash flow from operations	2,007	3,768	3,406	3,870	3,996
Capex - maintenance	(5,049)	(1,653)	(1,950)	(2,300)	(2,600)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	3,910	(691)	79	(59)	(44)
Cash flow from investing	(1,139)	(2,344)	(1,871)	(2,359)	(2,644)
Dividends paid	(460)	(1,197)	(1,348)	(1,491)	(1,611)
Equity finance	0	0	0	0	0
Debt finance	(410)	(187)	(270)	(23)	177
Other financing cash flows	28	51	(174)	79	59
Cash flow from financing	(842)	(1,333)	(1,793)	(1,435)	(1,375)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	26	91	(258)	75	(23)
Free cash flow to firm (FCFF)	937.23	1,510.24	1,623.93	1,602.34	1,444.54
Free cash flow to equity (FCFE)	486.05	1,287.71	1,090.10	1,566.55	1,587.88
Per share (THB)					
FCFF per share	1.02	1.64	1.76	1.74	1.57
FCFE per share	0.53	1.40	1.18	1.70	1.72
Recurring cash flow per share	2.34	3.77	3.94	4.12	4.28
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	7,521	7,596	7,573
A/C receivable	167	121	137	148	156
Inventories	392	414	544	583	612
Other current assets	170	111	167	180	190
Current assets	8,418	8,426	8,369	8,508	8,531
Other assets	808	830	751	810	854
Total assets	19,569	19,901	19,684	20,145	20,768
Common equity	13,194	13,443	13,662	13,925	14,210
Minorities etc.	314	322	347	352	357
Total shareholders' equity	13,509	13,765	14,009	14,277	14,567
Long term debt	2,207	2,023	1,823	1,723	1,823
Other long-term liabilities	1,124	1,175	1,001	1,080	1,139
Long-term liabilities	3,331	3,198	2,824	2,803	2,962
A/C payable	1,355	1,449	1,399	1,500	1,572
Short term debt	0	0	0	0	0
Other current liabilities	1,374	1,489	1,452	1,564	1,667
Current liabilities	2,729	2,938	2,850	3,064	3,240
Total liabilities and shareholders' equity	19,569	19,901	19,684	20,145	20,768
Net working capital	(2,000)	(2,291)	(2,002)	(2,153)	(2,283)
Invested capital	9,151	9,184	9,312	9,484	9,955
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	14.33	14.60	14.84	15.12	15.43
Tangible book value per share	8.02	8.59	9.18	9.45	9.38
Financial strength					
Net debt/equity (%)	(40.6)	(41.8)	(40.7)	(41.1)	(39.5)
Net debt/total assets (%)	(28.0)	(28.9)	(28.9)	(29.2)	(27.7)
Current ratio (x)	3.1	2.9	2.9	2.8	2.6
CF interest cover (x)	8.0	15.9	13.2	18.1	18.2
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	281.2	25.6	23.5	21.0	19.4
Recurring P/E @ target price (x) *	330.4	30.1	27.6	24.7	22.8
Reported P/E (x)	281.2	25.6	23.5	21.0	19.4
Dividend yield (%)	2.0	3.5	3.7	4.0	4.4
Price/book (x)	2.8	2.7	2.7	2.6	2.6
Price/tangible book (x)	5.0	4.7	4.4	4.2	4.3
EV/EBITDA (x) **	14.3	8.1	8.0	7.4	7.1
EV/EBITDA @ target price (x) **	17.2	9.8	9.6	8.9	8.6
EV/invested capital (x)	3.5	3.4	3.4	3.3	3.2
* 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 7: 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 8: 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 9: 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 Sustainabilitytics	The Sustainabilitytics' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">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></tr><tr><td>B</td><td>1.429-2.856</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></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
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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

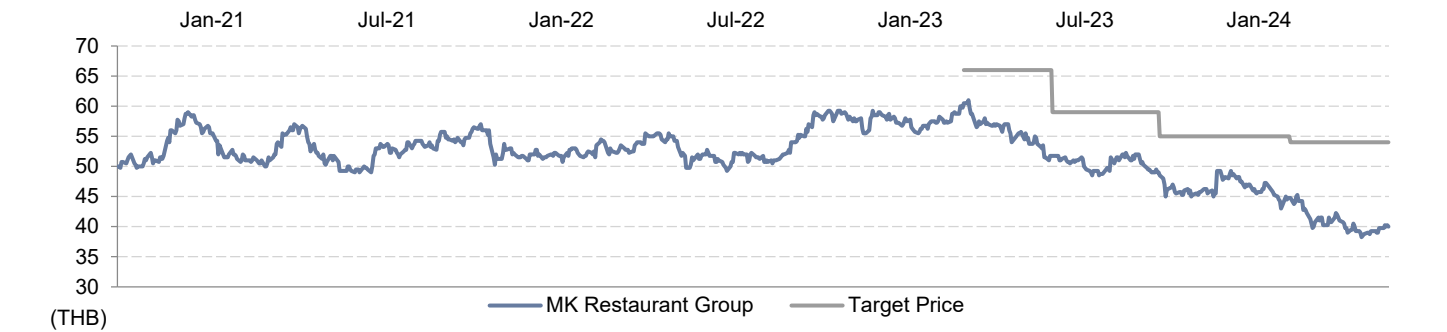
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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-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 40.00	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 05-Jan-2024 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.