

MK RESTAURANT GROUP
THAILAND / FOOD & BEVERAGE

M TB

BUY

UNCHANGED

4Q23 results at first glance

กำไรสุทธิ 4Q23 ดีเกินคาด

Highlights

- M รายงานกำไรสุทธิ 4Q23 อยู่ที่ 509 ลบ. (+31% q-q, +59% y-y) ดีกว่าที่เราและตลาดคาด 26% และ 43% ตามลำดับจากค่าใช้จ่ายการขายและบริหารที่ต่ำกว่าคาด
- รายได้รวมใกล้เคียงกับที่เราคาดโดยลดลง 1.3% q-q และ 2.6% y-y จากการบริโภคที่ฟื้นตัวช้าลง การเติบโตของยอดขายสาขาเดิม (SSSG) พลิกเป็นลบที่ 3.5% y-y จาก Momentum ที่ลดลงในเดือน พ.ย. ก่อนฟื้นตัวในครึ่งหลังของเดือน ธ.ค. นอกจากนี้ บริษัทฯ ยังเปิดสาขาใหม่เพียง 5 แห่งในระหว่างไตรมาส
- เราประทับใจกับอัตรากำไรขั้นต้นที่สูงถึง 67% เพิ่มขึ้นจาก 66.7% ใน 3Q23 และ 65% ใน 4Q22 จากราคาหมูที่ลดลง
- ค่าใช้จ่ายการขายและบริหารลดลง 8.7% q-q และ 7.9% y-y จากค่าใช้จ่ายบุคลากรที่ต่ำกว่าคาดโดยอาจเกิดจากการกลับรายการค่าใช้จ่ายโบนัสค้างจ่าย และค่าไฟฟ้าที่ลดลง สัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายลดลงเหลือ 53.3% จาก 57.6% ใน 3Q23 และ 56.3% ใน 4Q22
- กำไรสุทธิปี 2023 อยู่ที่ 1.68 พัน ลบ. (+17% y-y) บริษัทฯ ประกาศจ่ายเงินปันผล 1 บาทต่อหุ้นสำหรับผลประกอบการในช่วง 2H23 คิดเป็นผลตอบแทนอยู่ที่ 2.7%

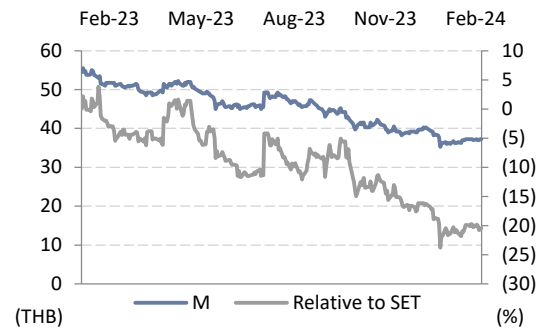
Outlook

- ในขั้นต้นเราคาดว่ากำไรสุทธิ 1Q24 จะเร่งตัวขึ้น y-y จากฐานที่ต่ำใน 1Q23 แต่จะค่อย ๆ ฟื้นตัว q-q ส่วนมากจากราคาค่าไฟฟ้าที่สูงขึ้นและ M ไม่ได้เข้าร่วมโครงการ E-Receipt
- อย่างไรก็ดีรายได้ที่น่าจะสูงกว่าระดับก่อนโควิดตั้งแต่ปี 2024 เป็นต้นไป เนื่องจากเงินเพื่อได้ผ่านจุดสูงสุดไปแล้ว เรายังมั่นใจว่าอำนาจในการซื้อจะค่อย ๆ ฟื้นตัวในปี 2024
- เราคงประมาณการกำไรสุทธิปี 2024 ที่ 1.76 พัน ลบ. (+4.3% y-y) เราคงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 47 บาท (25x ของค่า 2024E P/E)

TARGET PRICE	THB47.00
CLOSE	THB37.25
UP/DOWNSIDE	+26.2%
PRIOR TP	THB47.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.3%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	16,661	18,006	18,984	19,810
Net profit	1,682	1,755	1,896	2,024
EPS (THB)	1.83	1.91	2.06	2.20
vs Consensus (%)	-	12.2	9.8	9.3
EBITDA	4,072	4,195	4,367	4,522
Recurring net profit	1,682	1,755	1,896	2,024
Core EPS (THB)	1.83	1.91	2.06	2.20
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	16.9	4.3	8.0	6.7
Core P/E (x)	20.4	19.5	18.1	17.0
Dividend yield (%)	4.3	4.3	4.4	4.7
EV/EBITDA (x)	7.1	6.9	6.6	6.5
Price/book (x)	2.5	2.4	2.4	2.3
Net debt/Equity (%)	(41.3)	(39.3)	(38.0)	(34.8)
ROE (%)	12.3	12.6	13.3	13.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.5	(10.2)	(32.9)
Relative to country (%)	1.4	(9.2)	(20.3)
Mkt cap (USD m)			950
3m avg. daily turnover (USD m)			0.6
Free float (%)			36
Major shareholder		Thirakomen Family (37%)	
12m high/low (THB)			56.25/35.00
Issued shares (m)			920.88

Sources: Bloomberg consensus; FSSIA estimates



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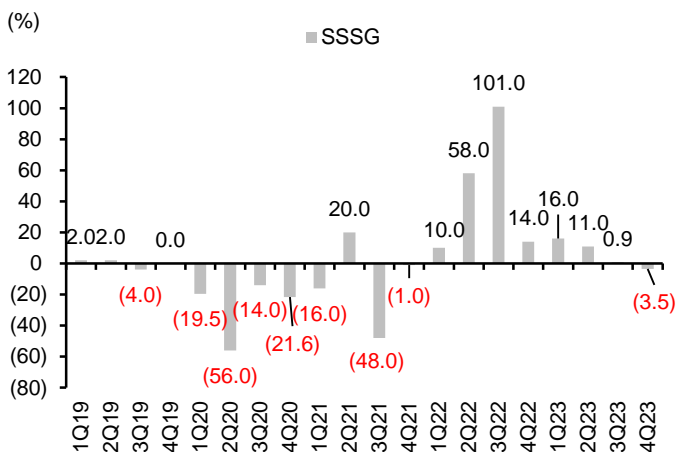
บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 27 กุมภาพันธ์ 2024

Exhibit 1: M – 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Change		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,149	4,089	4,435	4,094	4,042	(1.3)	(2.6)	15,728	16,661	5.9
Cost of sales	1,450	1,426	1,521	1,365	1,336	(2.1)	(7.9)	5,461	5,648	3.4
Gross profit	2,699	2,663	2,914	2,730	2,706	(0.9)	0.3	10,267	11,013	7.3
SG&A	2,337	2,307	2,468	2,360	2,153	(8.7)	(7.9)	8,646	9,288	7.4
-Selling expenses	1,964	1,951	2,090	1,975	1,800	(8.9)	(8.4)	7,347	7,815	6.4
-Admin expenses	373	356	378	385	354	(8.0)	(5.1)	1,298	1,472	13.4
Operating profit	442	424	541	473	653	38.2	47.8	1,870	2,091	11.8
Profit sharing	(9.1)	(7.1)	(3.6)	(0.3)	2.3	nm	nm	(29.1)	(8.8)	nm
Interest expense	23	23	26	20	26	27.2	10.3	87	95	9.7
Tax expense	82	65	47	60	108	81.0	32.2	308	280	(9.0)
Reported net profit	321	325	459	389	509	30.9	58.7	1,439	1,682	16.9
Core profit	321	325	459	389	509	30.9	58.7	1,439	1,682	16.9
Key ratios (%)						(ppt)	(ppt)			
Gross margin	65.0	65.1	65.7	66.7	67.0	0.3	1.9	65.3	66.1	0.8
SG&A to sales	56.3	56.4	55.6	57.6	53.3	(4.4)	(3.0)	55.0	55.7	0.8
Operating margin	10.7	10.4	12.2	11.5	16.2	4.6	5.5	11.9	12.6	0.7
Net margin	7.7	8.0	10.3	9.5	12.6	3.1	4.9	9.1	10.1	0.9
Norm margin	7.7	8.0	10.3	9.5	12.6	3.1	4.9	9.1	10.1	0.9
Operating statistics										
SSSG (%)	14.0	16.0	11.0	0.9	(3.5)			39.0	5.7	
Total stores (no.)	710	703	698	698	703			710	703	
-MK Brand	455	452	448	448	448			455	448	
-Yayoi Brand	195	195	195	194	198			195	198	
-LCS Brand	36	35	34	36	39			36	39	
-Other Brand	24	21	21	20	18			24	18	

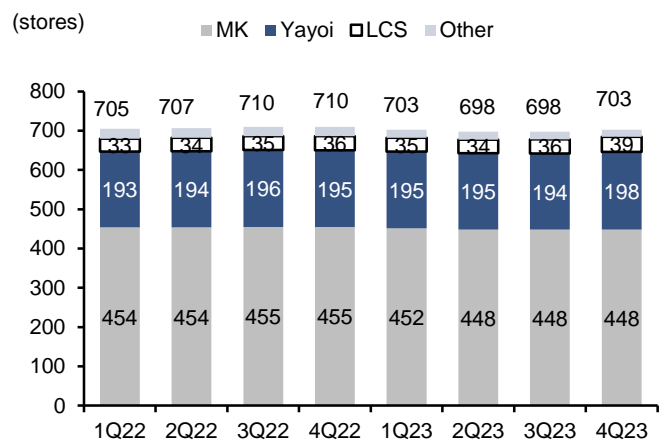
Source: M

Exhibit 2: Quarterly SSSG



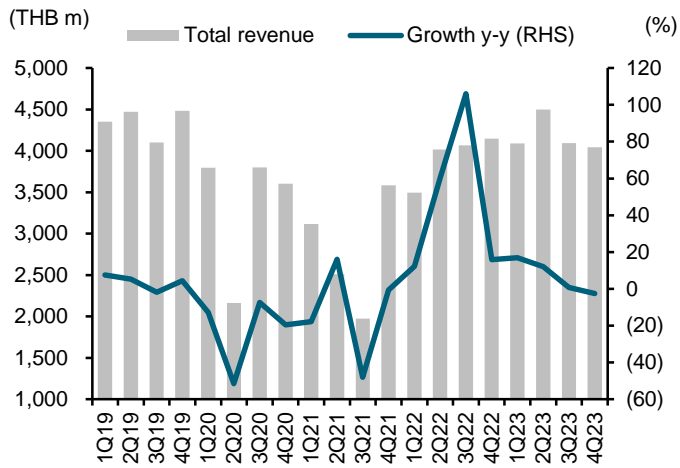
Source: M

Exhibit 3: Number of branches – breakdown by brands



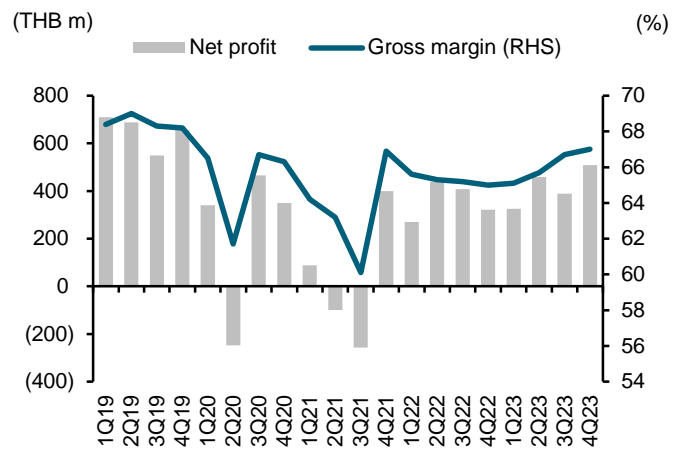
Source: M

Exhibit 4: Total revenue and growth



Source: M

Exhibit 5: Net profit and gross margin



Source: M

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	15,728	16,661	18,006	18,984	19,810
Cost of goods sold	(5,461)	(5,648)	(6,086)	(6,379)	(6,617)
Gross profit	10,267	11,013	11,920	12,606	13,194
Other operating income	249	365	360	380	396
Operating costs	(8,646)	(9,288)	(10,084)	(10,631)	(11,094)
Operating EBITDA	3,867	4,072	4,195	4,367	4,522
Depreciation	(1,997)	(1,980)	(1,998)	(2,013)	(2,025)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,870	2,091	2,197	2,354	2,496
Net financing costs	(87)	(95)	(92)	(92)	(93)
Associates	(29)	(9)	(5)	4	12
Recurring non-operating income	(29)	(9)	(5)	4	12
Non-recurring items	0	0	0	0	0
Profit before tax	1,755	1,987	2,100	2,265	2,415
Tax	(308)	(280)	(336)	(362)	(386)
Profit after tax	1,447	1,707	1,764	1,903	2,029
Minority interests	(8)	(25)	(9)	(7)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,439	1,682	1,755	1,896	2,024
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,439	1,682	1,755	1,896	2,024
Per share (THB)					
Recurring EPS *	1.56	1.83	1.91	2.06	2.20
Reported EPS	1.56	1.83	1.91	2.06	2.20
DPS	1.40	1.60	1.62	1.65	1.76
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	40.7	5.9	8.1	5.4	4.3
Operating EBITDA (%)	74.7	5.3	3.0	4.1	3.5
Operating EBIT (%)	816.8	11.8	5.1	7.2	6.0
Recurring EPS (%)	998.5	16.9	4.3	8.0	6.7
Reported EPS (%)	998.5	16.9	4.3	8.0	6.7
Operating performance					
Gross margin inc. depreciation (%)	65.3	66.1	66.2	66.4	66.6
Gross margin exc. depreciation (%)	78.0	78.0	77.3	77.0	76.8
Operating EBITDA margin (%)	24.6	24.4	23.3	23.0	22.8
Operating EBIT margin (%)	11.9	12.6	12.2	12.4	12.6
Net margin (%)	9.1	10.1	9.7	10.0	10.2
Effective tax rate (%)	17.5	14.1	16.0	16.0	16.0
Dividend payout on recurring profit (%)	89.6	87.6	85.0	80.0	80.0
Interest cover (X)	21.2	21.9	23.9	25.5	27.0
Inventory days	42.5	40.1	39.8	42.8	42.5
Debtor days	3.3	2.5	2.6	2.9	2.9
Creditor days	147.7	154.0	140.5	128.5	127.4
Operating ROIC (%)	230.6	450.4	346.2	247.5	247.3
ROIC (%)	16.1	17.9	18.2	18.7	18.7
ROE (%)	10.8	12.3	12.6	13.3	13.8
ROA (%)	7.7	8.9	9.0	9.5	9.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
MK	11,639	12,455	13,202	13,862	14,417
Yayoi	2,831	2,999	3,462	3,679	3,896
LCS	944	1,000	1,125	1,215	1,257
Other	315	207	218	229	240

Sources: MK Restaurant Group; FSSIA estimates

Financial Statements

MK Restaurant Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,439	1,682	1,755	1,896	2,024
Depreciation	1,997	1,980	1,998	2,013	2,025
Associates & minorities	37	37	6	2	(7)
Other non-cash items	0	0	0	0	0
Change in working capital	295	214	(185)	62	50
Cash flow from operations	3,768	3,914	3,574	3,972	4,093
Capex - maintenance	(1,653)	(1,982)	(2,289)	(2,600)	(2,900)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(691)	(449)	19	(41)	(25)
Cash flow from investing	(2,344)	(2,431)	(2,270)	(2,641)	(2,925)
Dividends paid	(1,197)	(1,270)	(1,492)	(1,517)	(1,619)
Equity finance	0	0	0	0	0
Debt finance	(187)	(10)	(99)	177	227
Other financing cash flows	51	(118)	23	59	50
Cash flow from financing	(1,333)	(1,397)	(1,568)	(1,281)	(1,342)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	91	85	(264)	50	(175)
Free cash flow to firm (FCFF)	1,510.24	1,577.48	1,395.86	1,423.69	1,260.45
Free cash flow to equity (FCFE)	1,287.71	1,355.18	1,228.05	1,567.02	1,444.04

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	1.64	1.71	1.52	1.55	1.37
FCFE per share	1.40	1.47	1.33	1.70	1.57
Recurring cash flow per share	3.77	4.02	4.08	4.25	4.39

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	11,913	12,203	12,553	12,853	13,103
Less: Accumulated depreciation	(9,167)	(9,405)	(9,499)	(9,594)	(9,689)
Tangible fixed assets (net)	2,747	2,798	3,054	3,259	3,413
Intangible fixed assets (net)	5,533	5,434	5,480	5,862	6,582
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,366	2,840	2,840	2,840	2,840
Cash & equivalents	7,779	7,865	7,601	7,651	7,476
A/C receivable	121	110	148	156	163
Inventories	414	391	500	524	544
Other current assets	111	76	90	95	99
Current assets	8,426	8,441	8,339	8,427	8,282
Other assets	830	834	810	854	891
Total assets	19,901	20,347	20,523	21,242	22,009
Common equity	13,443	13,843	14,118	14,497	14,902
Minorities etc.	322	351	352	357	362
Total shareholders' equity	13,765	14,194	14,470	14,854	15,264
Long term debt	2,023	2,008	1,908	2,008	2,158
Other long-term liabilities	1,175	1,058	1,080	1,139	1,189
Long-term liabilities	3,198	3,065	2,988	3,147	3,347
A/C payable	1,449	1,646	1,501	1,573	1,631
Short term debt	0	0	0	0	0
Other current liabilities	1,489	1,441	1,564	1,668	1,767
Current liabilities	2,938	3,087	3,065	3,240	3,398
Total liabilities and shareholders' equity	19,901	20,347	20,523	21,242	22,009
Net working capital	(2,291)	(2,511)	(2,327)	(2,465)	(2,593)
Invested capital	9,184	9,395	9,857	10,350	11,134

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	14.60	15.03	15.33	15.74	16.18
Tangible book value per share	8.59	9.13	9.38	9.38	9.03

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	(41.8)	(41.3)	(39.3)	(38.0)	(34.8)
Net debt/total assets (%)	(28.9)	(28.8)	(27.7)	(26.6)	(24.2)
Current ratio (x)	2.9	2.7	2.7	2.6	2.4
CF interest cover (x)	15.9	15.2	14.4	18.0	16.5

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	23.8	20.4	19.5	18.1	17.0
Recurring P/E @ target price (x) *	30.1	25.7	24.7	22.8	21.4
Reported P/E (x)	23.8	20.4	19.5	18.1	17.0
Dividend yield (%)	3.8	4.3	4.3	4.4	4.7
Price/book (x)	2.6	2.5	2.4	2.4	2.3
Price/tangible book (x)	4.3	4.1	4.0	4.0	4.1
EV/EBITDA (x) **	7.5	7.1	6.9	6.6	6.5
EV/EBITDA @ target price (x) **	9.8	9.3	9.0	8.7	8.5
EV/invested capital (x)	3.1	3.1	2.9	2.8	2.6

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

Sources: MK Restaurant Group; FSSIA estimates

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="width: 100%; text-align: center;"> <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+										
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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.																					
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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

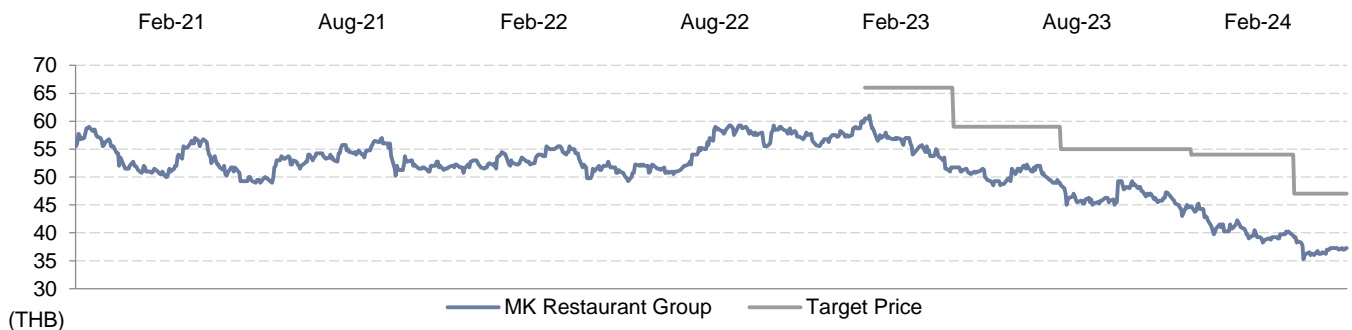
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History of change in investment rating and/or target price

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	08-Jan-2024	BUY	47.00
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 37.25	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 23-Feb-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.