

MK RESTAURANT GROUP
THAILAND / FOOD & BEVERAGE

M TB

HOLD
UNCHANGED

โอกาสในการเติบโตใหม่

- M ได้รับสิทธิ์ (Franchise) ในการดำเนินงานร้านอาหารญี่ปุ่นชื่อ Hikiniku To Come โดยเปิดสาขาแรกในวันที่ 15 ต.ค.
- เรามีมุมมองเชิงบวกต่อการหาโอกาสในการเติบโตใหม่ของบริษัท
- คงคำแนะนำถือเพื่อรอสัญญาณการฟื้นตัว

TARGET PRICE	THB34.00
CLOSE	THB29.00
UP/DOWNSIDE	+17.2%
PRIOR TP	THB34.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	16,661	16,711	17,567	18,283
Net profit	1,682	1,549	1,664	1,775
EPS (THB)	1.83	1.68	1.81	1.93
vs Consensus (%)	-	0.7	3.7	9.8
EBITDA	4,072	3,928	4,068	4,201
Recurring net profit	1,682	1,549	1,664	1,775
Core EPS (THB)	1.83	1.68	1.81	1.93
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	16.9	(7.9)	7.4	6.7
Core P/E (x)	15.9	17.2	16.0	15.0
Dividend yield (%)	5.5	4.9	5.0	5.3
EV/EBITDA (x)	5.2	5.5	5.3	5.2
Price/book (x)	1.9	1.9	1.9	1.8
Net debt/Equity (%)	(41.3)	(38.3)	(36.7)	(33.3)
ROE (%)	12.3	11.1	11.7	12.2

เปิดตัวแบรนด์ร้านอาหารใหม่ชื่อ Hikiniku To Come

M ได้รับสิทธิ์ (Franchise) ในการดำเนินงานร้านอาหารญี่ปุ่นแบรนด์ Hikiniku To Come ซึ่งเชี่ยวชาญเมนู 'hamburger' โดยเปิดสาขาแรกที่ Central World ในวันที่ 15 ต.ค. ถือเป็นร้าน hamburger ชื่อตั้งในญี่ปุ่น ที่มีเพียงเมนูเดียว (เนื้อบดย่าง 3 ก้อน พร้อมข้าว) ปัจจุบันร้านดังกล่าวมี 4 สาขาในญี่ปุ่น และต้องจองผ่านระบบออนไลน์เพื่อรับบริการ และให้สิทธิ์ (Franchise) ในการดำเนินงานในอีก 3 ประเทศประกอบด้วยไต้หวัน เกาหลีใต้และฮ่องกง ล่าสุดไทยเป็นประเทศที่ 4 โดยจะมีราคาต่อชุดอยู่ที่ 590 บาทและราคาสุทธิต่อหัว (รวมน้ำและค่าบริการ) อยู่ที่ประมาณ 700 บาท บริษัทไม่ได้เปิดเผยเป้าในการเปิดสาขา อยู่ระหว่างดูแลตอบรับของสาขาแรกก่อน อย่างไรก็ตามบริษัท เตรียมเปิดสาขาที่ 2 ในศูนย์การค้าที่มีกำลังซื้อสูง อาทิเช่น Paragon และ Central Embassy

แนวโน้มเชิงบวกสำหรับโอกาสในการเติบโตในอนาคต

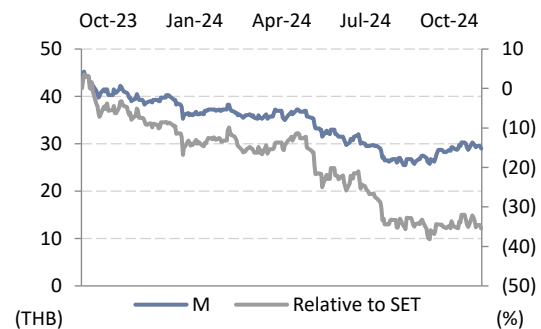
เรามองการเปิดแบรนด์ใหม่ของ M เป็นบวก แม้ยังต้องติดตามผลตอบรับต่อไป แต่อย่างน้อยเราได้เห็นกลยุทธ์ใหม่ที่ทันสมัย และสร้างสิ่งแปลกใหม่ให้แก่ผู้บริโภค ซึ่งช่วยสร้างโอกาสสำหรับการเติบโตในอนาคต ในขั้นต้นเราคาดว่าแบรนด์ดังกล่าวจะมีอัตรากำไรขั้นต้นอยู่ที่ 55%-60% ซึ่งต่ำกว่าค่าเฉลี่ยในปัจจุบันที่ 67% ของบริษัทฯ เพราะเป็นวัตถุดิบพรีเมียมนำเข้า อาทิเช่น ข้าวญี่ปุ่น เนื้อและซอสสูตรลับของบริษัทเจ้าของสิทธิ์ ในภาพรวมนับว่าเป็นอัตรากำไรที่ดี และมีโอกาสที่จะเปิดตัวแบรนด์ใหม่อีกในอนาคต

กำไร 3Q24 อาจดีกว่าคาด แต่จะยังลดลง y-y

กำไร 3Q24 มีแนวโน้มดีกว่าที่เราคาดไว้ปัจจุบันที่ 355 ลบ. เพราะอาจมีการปรับลดรายการโบนัสค้างจ่าย อย่างไรก็ตามเราคาดว่ากำไรจะยังลดลงทั้ง q-q และ y-y จากกำลังซื้อที่อ่อนแอและการแข่งขันที่รุนแรง ทั้งนี้เราคาดอัตราการเติบโตของยอดขายสาขาเดิม (SSSG) ใน 3Q24 จะติดลบที่ 12.5% y-y โดยทุกแบรนด์น่าจะรายงานตัวเลขติดลบต่อเนื่อง (MK -12.5%, Yayoi -10.8%, LCS -6.5%) ล่าสุด SSSG ในเดือน ต.ค. อาจติดลบต่อเนื่องที่ราว 9-10% จากปัญหาฝนตกและน้ำท่วมในภาคเหนือและอีสาน

คงคำแนะนำถือ และรอสัญญาณการฟื้นตัว

ณ วันที่ 11 ต.ค. บริษัทได้ซื้อคืนหุ้นไปแล้ว 11.4 ล้านหุ้น (1.24% ของจำนวนหุ้นทั้งหมด) ที่ราคาเฉลี่ย 29 บาท/หุ้น คงเหลือหุ้นซื้อคืนได้อีก 8.6 ล้านหุ้น ปัจจุบันบริษัทอยู่ในช่วงห้ามซื้อขายหุ้น (Silent period) เป็นเวลา 1 เดือน ก่อนประกาศผลประกอบการ 3Q24 เราคงคำแนะนำถือเพื่อรอสัญญาณการฟื้นตัวของรายได้และกำไรอีกครั้ง



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.7	0.0	(35.2)
Relative to country (%)	(0.2)	(9.1)	(35.8)
Mkt cap (USD m)	791		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	45.25/25.25		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

M is a leading chain restaurant company in Thailand. It has several branches across the country, in Bangkok, its vicinity, and other provinces. M’s strengths lie in its professional management, training centers, distribution centers, and central kitchens. It focuses on offering fresh and quality food to its customers and excellent services.

M is experiencing challenges, including post-Covid recovery, more intense competition from new players, and inflation. We expect 2024 net profit to decline by 8% y-y due to sluggish SSSG that has not yet recovered. In addition, M has entered the retail business by selling sauces at retail stores as of March 2024. Although we have not seen significant feedback yet, if successful, it would become an additional driver for profit growth.

Company profile

M opened its first Sukiyaki restaurant in Thailand in 1984 and Japan in 1994. At the end of 2023, it had 703 branches under several brands, led by MK (448), Yayoi (198), and several others, such as Miyazaki, Hakata, Na Siam, and Le Siam. In 2020, it invested in Laem Charoen, which had 39 branches in 2023.

www.mkrestaurant.com

Principal activities (revenue, 2023)

Activity	Percentage
MK	74.8 %
Yayoi	18.0 %
LCS	6.0 %
Other	1.2 %

Source: MK Restaurant Group

Major shareholders

Shareholder	Percentage
Thirakomen Family	36.6 %
Hanjitkasem Family	33.9 %
Others	29.5 %

Source: MK Restaurant Group

Catalysts

Potential catalysts for M’s earnings growth in 2025 include 1) foot traffic growth and food price hikes; 2) tourism recovery, which would drive international customers; 3) lower raw material costs; and 4) new store expansions.

Risks to our call

Downside and upside risks to our TP include 1) a slower or faster-than-expected consumption recovery and more intense competition; 2) slower or faster-than-expected decreases in raw material costs; 3) a lower or higher-than-expected new store expansion; and 4) a minimum wage increase and labor shortages.

Event calendar

Date	Event
12 Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
SSSG (%)	(2.0)	3.0	3.0
Total stores (no.)	722	737	752
Total revenue growth (%)	0.3	5.1	4.1
Gross margin (%)	67.0	67.1	67.2
SG&A to sales (%)	57.8	57.6	57.5

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: Logo of Hikiniku To Come



Source: Hikiniku To Come Thailand website

Exhibit 2: Locations of Hikiniku To Come



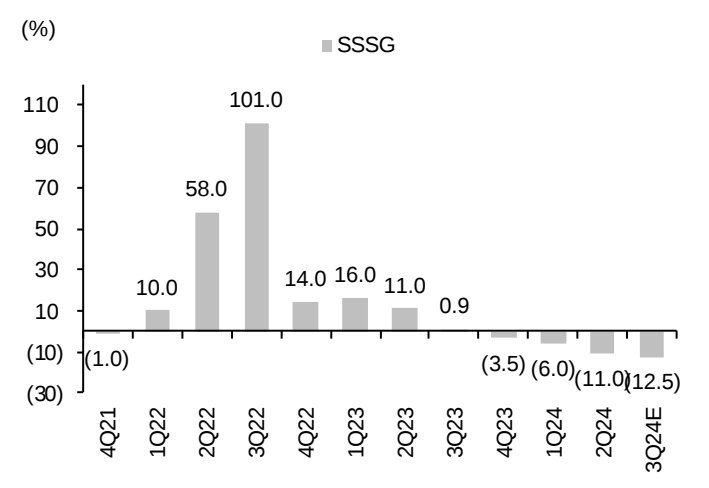
Source: Hikiniku To Come Thailand website

Exhibit 3: Hikiniku To Come branch in Thailand



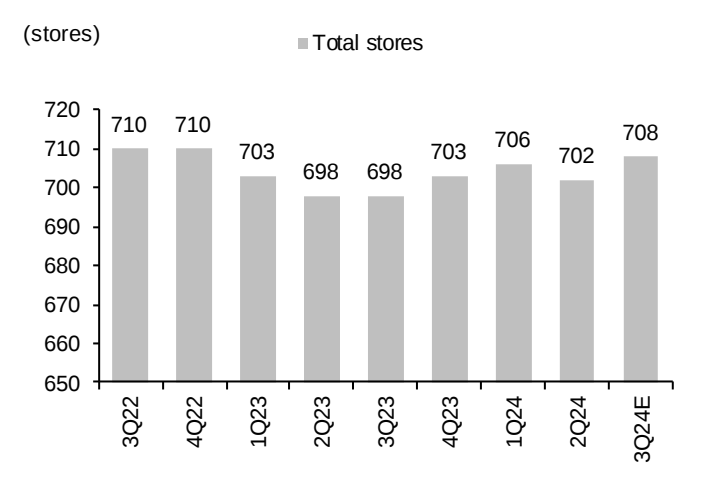
Source: Hikiniku To Come Thailand website

Exhibit 4: Quarterly SSSG



Sources: M, FSSIA estimates

Exhibit 5: Quarterly total stores



Sources: M, FSSIA estimates

Exhibit 6: M – 3Q24 earnings preview

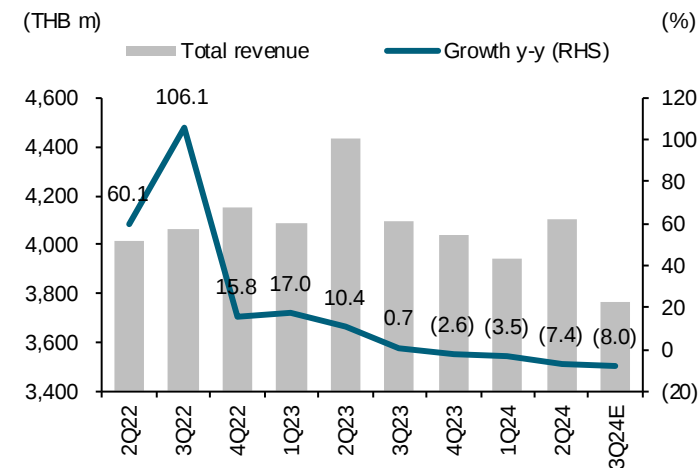
	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	4,094	4,042	3,946	4,107	3,767	(8.3)	(8.0)	16,711	0.3	70.7
Cost of sales	1,365	1,336	1,279	1,346	1,239	(7.9)	(9.2)	5,515	(2.4)	70.1
Gross profit	2,730	2,706	2,667	2,761	2,528	(8.5)	(7.4)	11,196	1.7	71.1
SG&A	2,360	2,153	2,323	2,350	2,158	(8.1)	(8.5)	9,659	4.0	70.7
Operating profit	473	653	443	497	454	(8.6)	(3.9)	1,930	(7.7)	72.2
Profit sharing	(0.3)	2.3	(0.3)	0.0	0.0	nm	nm	(5.0)	nm	6.2
Interest expense	20	26	27	27	27	0.8	33.4	92	(3.5)	87.9
Tax expense	60	108	66	65	68	5.4	14.2	275	(1.8)	72.5
Reported net profit	389	509	347	401	355	(11.4)	(8.7)	1,549	(7.9)	71.1
Core profit	389	509	347	401	355	(11.4)	(8.7)	1,549	(7.9)	71.1

Key ratios (%)						(ppt)	(ppt)		
Gross margin	66.7	67.0	67.6	67.2	67.1	(0.1)	0.4	67.0	0.9
SG&A to sales	57.6	53.3	58.9	57.2	57.3	0.1	(0.3)	57.8	2.1
Operating margin	11.5	16.2	11.2	12.1	12.1	(0.0)	0.5	11.6	(1.0)
Net margin	9.5	12.6	8.8	9.8	9.4	(0.3)	(0.1)	9.3	(0.8)
Core margin	9.5	12.6	8.8	9.8	9.4	(0.3)	(0.1)	9.3	(0.8)

Operating statistics									
SSSG (%)	0.9	(3.5)	(6.1)	(11.0)	(12.5)			(2.0)	
Total stores (no.)	698	703	706	702	708			703	
- MK Brand	448	448	448	446	450			448	
- Yaiyoi Brand	194	198	199	199	200			195	
- LCS Brand	36	39	41	39	40			34	
- Other Brand	20	18	18	18	18			21	

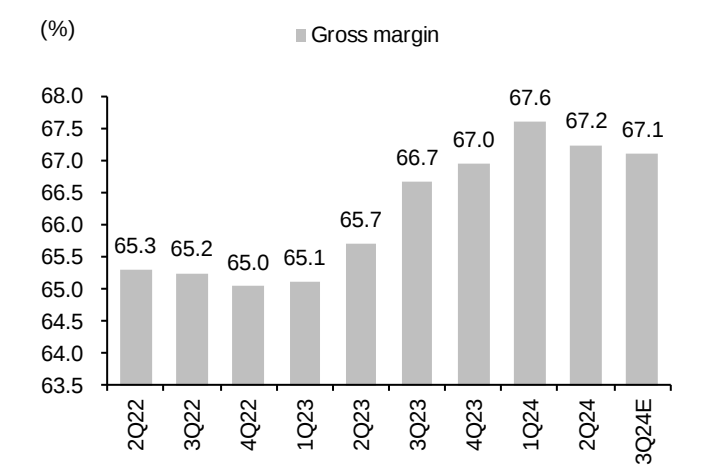
Sources: M, FSSIA estimates

Exhibit 7: Total revenue and growth



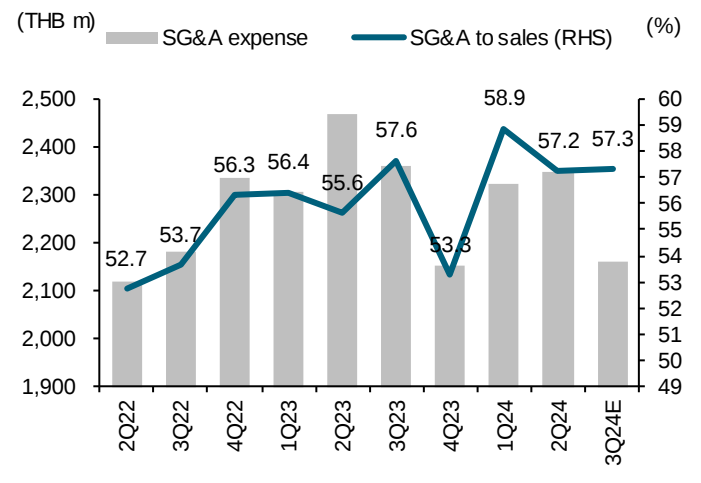
Sources: M, FSSIA estimates

Exhibit 8: Gross margin



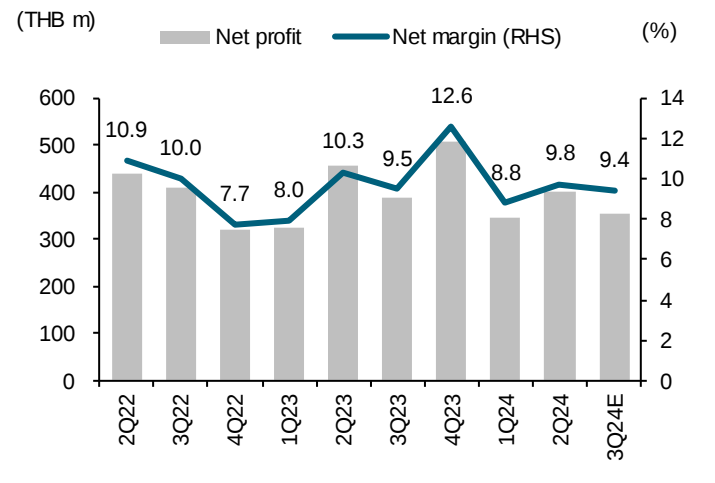
Sources: M, FSSIA estimates

Exhibit 9: SG&A to sales



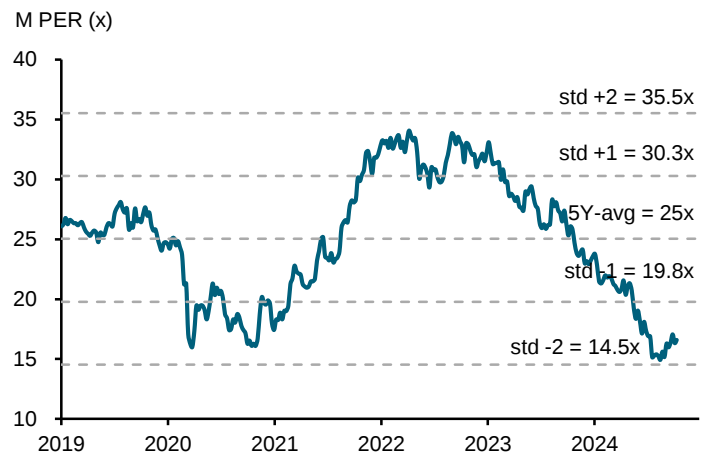
Sources: M, FSSIA estimates

Exhibit 10: Net profit and net margin



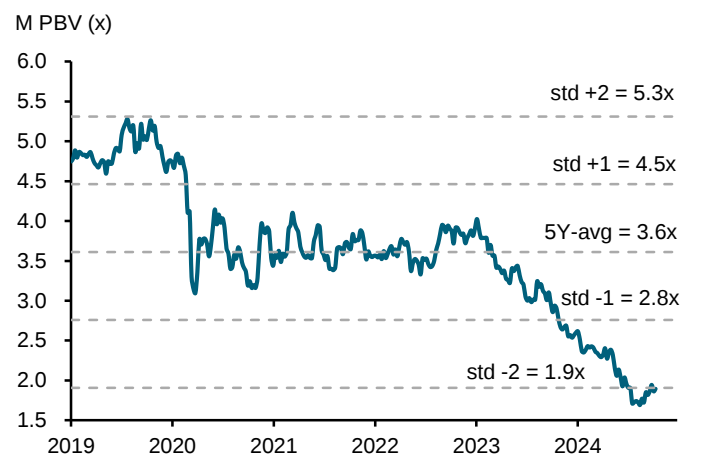
Sources: M, FSSIA estimates

Exhibit 11: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	15,728	16,661	16,711	17,567	18,283
Cost of goods sold	(5,461)	(5,648)	(5,515)	(5,779)	(5,997)
Gross profit	10,267	11,013	11,196	11,787	12,286
Other operating income	249	365	393	386	402
Operating costs	(8,646)	(9,288)	(9,659)	(10,118)	(10,512)
Operating EBITDA	3,867	4,072	3,928	4,068	4,201
Depreciation	(1,997)	(1,980)	(1,998)	(2,013)	(2,025)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,870	2,091	1,930	2,055	2,176
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	1,833	1,966	2,095
Tax	(308)	(280)	(275)	(295)	(314)
Profit after tax	1,447	1,707	1,558	1,671	1,780
Minority interests	(8)	(25)	(9)	(7)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,439	1,682	1,549	1,664	1,775
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,439	1,682	1,549	1,664	1,775
Per share (THB)					
Recurring EPS *	1.56	1.83	1.68	1.81	1.93
Reported EPS	1.56	1.83	1.68	1.81	1.93
DPS	1.40	1.60	1.43	1.45	1.54
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	40.7	5.9	0.3	5.1	4.1
Operating EBITDA (%)	74.7	5.3	(3.5)	3.6	3.3
Operating EBIT (%)	816.8	11.8	(7.7)	6.5	5.9
Recurring EPS (%)	998.5	16.9	(7.9)	7.4	6.7
Reported EPS (%)	998.5	16.9	(7.9)	7.4	6.7
Operating performance					
Gross margin inc. depreciation (%)	65.3	66.1	67.0	67.1	67.2
Gross margin exc. depreciation (%)	78.0	78.0	79.0	78.6	78.3
Operating EBITDA margin (%)	24.6	24.4	23.5	23.2	23.0
Operating EBIT margin (%)	11.9	12.6	11.6	11.7	11.9
Net margin (%)	9.1	10.1	9.3	9.5	9.7
Effective tax rate (%)	17.5	14.1	15.0	15.0	15.0
Dividend payout on recurring profit (%)	89.6	87.6	85.0	80.0	80.0
Interest cover (X)	21.2	21.9	21.0	22.3	23.5
Inventory days	42.5	40.1	43.8	45.0	44.5
Debtor days	3.3	2.5	2.7	2.9	2.9
Creditor days	147.7	154.0	156.0	134.9	133.4
Operating ROIC (%)	230.6	450.4	274.0	187.7	187.6
ROIC (%)	16.1	17.9	16.0	16.2	16.2
ROE (%)	10.8	12.3	11.1	11.7	12.2
ROA (%)	7.7	8.9	8.0	8.5	8.7

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
MK	11,639	12,455	12,330	12,947	13,465
Yayoi	2,831	2,999	3,143	3,300	3,432
LCS	944	1,000	1,020	1,091	1,146
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	1,549	1,664	1,775
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	(297)	55	46
Cash flow from operations	3,768	3,914	3,256	3,734	3,840
Capex - maintenance	(1,653)	(1,982)	(2,289)	(2,600)	(2,900)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(691)	(449)	77	(35)	(20)
Cash flow from investing	(2,344)	(2,431)	(2,211)	(2,635)	(2,920)
Dividends paid	(1,197)	(1,270)	(1,317)	(1,332)	(1,420)
Equity finance	0	0	0	0	0
Debt finance	(187)	(10)	(99)	177	227
Other financing cash flows	51	(118)	(55)	51	43
Cash flow from financing	(1,333)	(1,397)	(1,471)	(1,103)	(1,150)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	91	85	(426)	(4)	(231)
Free cash flow to firm (FCFF)	1,510.24	1,577.48	1,136.67	1,191.64	1,012.26
Free cash flow to equity (FCFE)	1,287.71	1,355.18	891.12	1,327.63	1,189.26
Per share (THB)					
FCFF per share	1.64	1.71	1.23	1.29	1.10
FCFE per share	1.40	1.47	0.97	1.44	1.29
Recurring cash flow per share	3.77	4.02	3.86	4.00	4.12
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	7,439	7,435	7,204
A/C receivable	121	110	137	144	150
Inventories	414	391	453	475	493
Other current assets	111	76	84	88	91
Current assets	8,426	8,441	8,113	8,142	7,938
Other assets	830	834	752	791	823
Total assets	19,901	20,347	20,239	20,893	21,596
Common equity	13,443	13,843	14,087	14,420	14,775
Minorities etc.	322	351	352	357	362
Total shareholders' equity	13,765	14,194	14,439	14,777	15,137
Long term debt	2,023	2,008	1,908	2,008	2,158
Other long-term liabilities	1,175	1,058	1,003	1,054	1,097
Long-term liabilities	3,198	3,065	2,911	3,062	3,255
A/C payable	1,449	1,646	1,360	1,425	1,479
Short term debt	0	0	0	0	0
Other current liabilities	1,489	1,441	1,529	1,629	1,726
Current liabilities	2,938	3,087	2,889	3,054	3,204
Total liabilities and shareholders' equity	19,901	20,347	20,239	20,893	21,596
Net working capital	(2,291)	(2,511)	(2,215)	(2,347)	(2,470)
Invested capital	9,184	9,395	9,911	10,404	11,188
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	14.60	15.03	15.30	15.66	16.04
Tangible book value per share	8.59	9.13	9.35	9.29	8.90
Financial strength					
Net debt/equity (%)	(41.8)	(41.3)	(38.3)	(36.7)	(33.3)
Net debt/total assets (%)	(28.9)	(28.8)	(27.3)	(26.0)	(23.4)
Current ratio (x)	2.9	2.7	2.8	2.7	2.5
CF interest cover (x)	15.9	15.2	10.7	15.4	13.8
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	18.6	15.9	17.2	16.0	15.0
Recurring P/E @ target price (x) *	21.8	18.6	20.2	18.8	17.6
Reported P/E (x)	18.6	15.9	17.2	16.0	15.0
Dividend yield (%)	4.8	5.5	4.9	5.0	5.3
Price/book (x)	2.0	1.9	1.9	1.9	1.8
Price/tangible book (x)	3.4	3.2	3.1	3.1	3.3
EV/EBITDA (x) **	5.5	5.2	5.5	5.3	5.2
EV/EBITDA @ target price (x) **	6.7	6.3	6.7	6.4	6.3
EV/invested capital (x)	2.3	2.3	2.2	2.1	2.0
* 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 Sustainabilitys	The Sustainabilitys' 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+										
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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

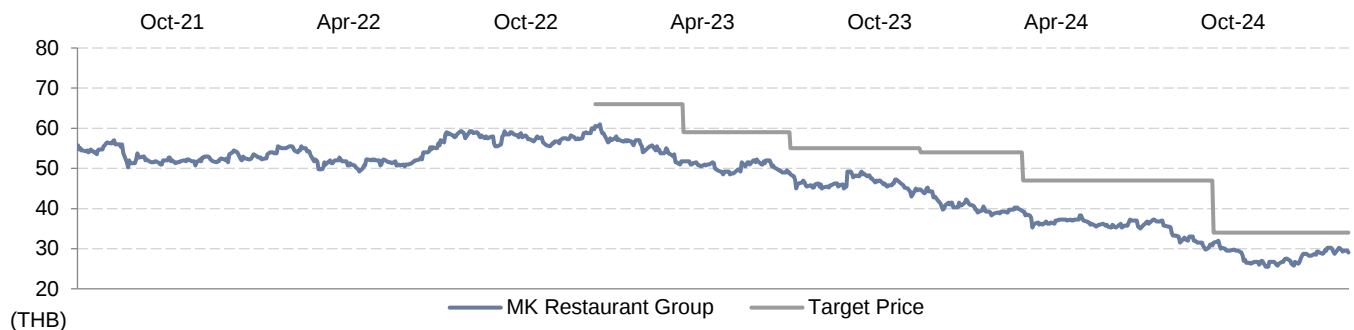
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History of change in investment rating and/or target price

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	20-Jun-2024	HOLD	34.00

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 29.00	HOLD	Downside and upside risks to our TP include 1) a slower or faster-than-expected consumption recovery and more intense competition; 2) slower or faster-than-expected decreases in raw material costs; 3) a lower or higher-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 15-Oct-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.