

# MK RESTAURANT GROUP

## THAILAND / FOOD & BEVERAGE

M TB

HOLD

UNCHANGED

### ยังรอการฟื้นตัว

- คาดกำไร 4Q24 จะลดลง q-q และ y-y จากการบริโภคที่อ่อนแอและการแข่งขันที่รุนแรง
- ปรับลดประมาณการกำไรเพิ่มซึ่งทำให้กำไรน่าจะโตเพียงเล็กน้อย
- ปรับราคาเป้าหมายเป็น 24 บาท แนะนำถือเพื่อรับเงินปันผล

TARGET PRICE	THB24.00
CLOSE	THB19.10
UP/DOWNSIDE	+25.7%
PRIOR TP	THB34.00
CHANGE IN TP	-29.4%
TP vs CONSENSUS	-20.2%

### อัตราการเติบโตของยอดขายสาขาเดิมน่าจะเป็นลบใน 4Q24

เรคาดกำไรสุทธิ 4Q24 อยู่ที่ 329 ลบ. (-3.7% q-q, -35% y-y) ลดลง q-q จากปัจจัยด้านฤดูกาล อำนาจในการซื้อที่อ่อนแอและการแข่งขันที่รุนแรงในธุรกิจร้านอาหารซึ่ง MK ยังไม่สามารถปรับตัวได้ในปัจจุบัน เราคาดว่าอัตราการเติบโตของยอดขายสาขาเดิม (SSSG) ใน 4Q24 จะลดลง 11% y-y นับเป็นการลดลง 5 ไตรมาสติดต่อกัน แม้ว่าบริษัท จะเปิดสาขาใหม่ตัวเลขสาขาที่ถูกปิดก็ยังสูงกว่า ณ สิ้นปี 2024 ตัวเลขสาขารวมน่าจะอยู่ที่ 692 ลดลงจาก 694 ในช่วง 9M24 และ 703 ในปี 2023

### M เริ่มปรับกลยุทธ์แต่ไม่รวดเร็ว

แบรนด์ใหม่ (Hikiniku To Come) ได้รับการตอบรับที่ดีแต่มีเพียง 1 สาขาในปัจจุบันและคิดเป็นเพียง 0.6% ของรายได้รวม (คาดว่าอัตราการหมุนเวียนของที่นั่งอยู่ที่ 10x) M กำลังมองหาทำเลเพื่อเปิดสาขาใหม่ แม้ว่าธุรกิจค้าปลีกจะได้รับคำสั่งซื้ออย่างต่อเนื่อง สัดส่วนรายได้ยังอยู่ในระดับต่ำโดยคาดว่าจะน้อยกว่า 1% ของรายได้รวม บริษัทฯ ปรับกลยุทธ์ด้วยความระมัดระวังอย่างต่อเนื่องเพื่อรอการฟื้นตัวของอำนาจในการซื้อของผู้บริโภคและของเศรษฐกิจ ทั้งนี้ 2025 นับเป็นปีที่บริษัทฯ เข้าร่วมโครงการกระตุ้นการใช้จ่ายใช้สอยของรัฐ (Easy E-Receipt 2.0) ซึ่งอาจไม่เป็นประโยชน์ต่อธุรกิจร้านอาหารเหมือนในธุรกิจค้าปลีก อย่างไรก็ตามมาตรการดังกล่าวน่าจะช่วยเพิ่มตัวเลขลูกค้าได้เล็กน้อยในระหว่างรอการฟื้นตัวของ SSSG

### ปรับประมาณการกำไรลงอีกครั้ง

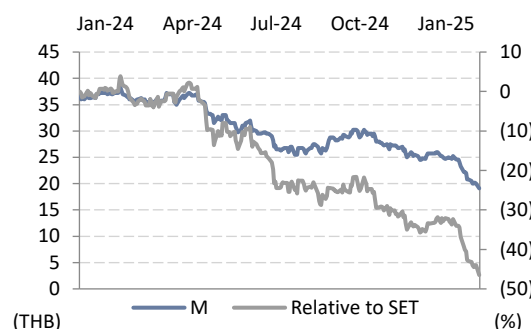
จาก SSSG ที่ฟื้นตัวช้ากว่าคาดเราคาดว่า SSSG ในปี 2024 จะติดลบ 10.2% y-y (จาก -2%) และตัวเลขสาขาของแบรนด์ในปัจจุบันจะลดลงในขณะที่แบรนด์ใหม่ยังไม่ส่งผลกระทบเชิงบวกอย่างมีนัยสำคัญ ด้วยเหตุดังกล่าวเราปรับลดประมาณการกำไรสุทธิปี 2024-26 ของเราลง 9-14% โดยคาดว่ากำไรสุทธิจะโต -16.4%/3.6%/4.5%

### คงคำแนะนำถือหลังลดราคาเป้าหมายเพื่อรับเงินปันผล

เราปรับลดราคาเป้าหมายของเราลงเหลือ 24 บาทหลังลดค่า P/E เป้าหมายลงอย่างมีนัยสำคัญเป็น 15x (-2 SD) เพื่อสะท้อนกำไรที่คาดว่าจะโตต่ำและการแข่งขันที่รุนแรงในปัจจุบัน เราคงคำแนะนำถือโดยคาดผลตอบแทนในรูปเงินปันผลที่ 7% ต่อปี M ยังมีสถานะทางการเงินที่ดีพร้อมเงินสดสำรองในระดับสูง นอกจากนี้บริษัทฯ ยังอาจออกโครงการซื้อหุ้นคืนอีกในอนาคต ปัจจุบันหุ้นมีการซื้อขายที่ 1.3x P/BV (-2 SD) พร้อมมูลค่าทางบัญชีที่คาดว่าจะอยู่ที่ 15.5 บาทในปี 2025

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	16,661	15,400	15,913	16,422
Net profit	1,682	1,406	1,457	1,524
EPS (THB)	1.83	1.53	1.58	1.65
vs Consensus (%)	-	(3.2)	(5.6)	(6.3)
EBITDA	4,072	3,755	3,843	3,930
Recurring net profit	1,682	1,406	1,457	1,524
Core EPS (THB)	1.83	1.53	1.58	1.65
Chg. In EPS est. (%)	-	(9.2)	(12.4)	(14.2)
EPS growth (%)	16.9	(16.4)	3.6	4.5
Core P/E (x)	10.5	12.5	12.1	11.5
Dividend yield (%)	8.4	6.8	7.0	7.4
EV/EBITDA (x)	3.0	3.3	3.3	3.4
Price/book (x)	1.3	1.3	1.2	1.2
Net debt/Equity (%)	(41.3)	(37.4)	(35.1)	(31.1)
ROE (%)	12.3	10.1	10.3	10.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(22.7)	(31.8)	(47.3)
Relative to country (%)	(21.3)	(24.2)	(45.7)
Mkt cap (USD m)	504		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	39.50/18.90		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 21 มกราคม 2025

### 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.

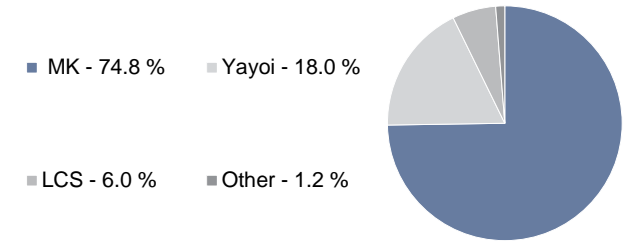
M is experiencing challenges, including post-Covid recovery, more intense competition from new players, and inflation. We expect 2024 net profit to decline by 16.4% y-y due to sluggish SSSG that has not yet recovered. In addition, M has entered the retail business by selling sauces at retail stores as 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](http://www.mkrestaurant.com)

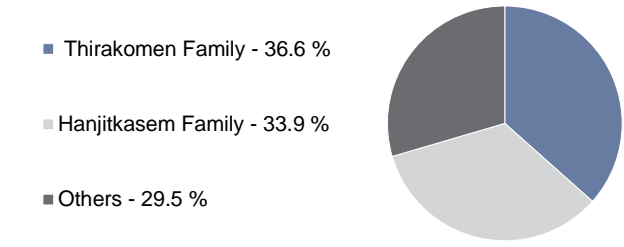
### Principal activities (revenue, 2023)



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
Feb 2025	4Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
SSSG (%)	(10.2)	3.0	3.0
Total stores (no.)	692	701	711
Total revenue growth (%)	(7.6)	3.3	3.2
Gross margin (%)	67.5	67.5	67.5
SG&A to sales (%)	58.7	58.5	58.3

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 3%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: M – 4Q24 earnings preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	4,042	3,946	4,107	3,683	3,664	(0.5)	(9.3)	16,661	15,400	(7.6)
Cost of sales	1,336	1,279	1,346	1,187	1,195	0.6	(10.6)	5,648	5,005	(11.4)
Gross profit	2,706	2,667	2,761	2,495	2,470	(1.0)	(8.7)	11,013	10,395	(5.6)
SG&A	2,153	2,323	2,350	2,189	2,162	(1.2)	0.4	9,288	9,035	(2.7)
Operating profit	653	443	497	419	408	(2.7)	(37.6)	2,091	1,757	(16.0)
Profit sharing	2.3	(0.3)	0.0	0.5	0.5	6.2	(77.8)	(8.8)	0.7	nm
Interest expense	26	27	27	26	26	(0.6)	1.0	95	106	11.4
Tax expense	108	66	65	48	50	3.0	(54.1)	280	229	(18.2)
Reported net profit	509	347	401	341	329	(3.7)	(35.4)	1,682	1,406	(16.4)
Core profit	509	347	401	341	329	(3.7)	(35.4)	1,682	1,406	(16.4)

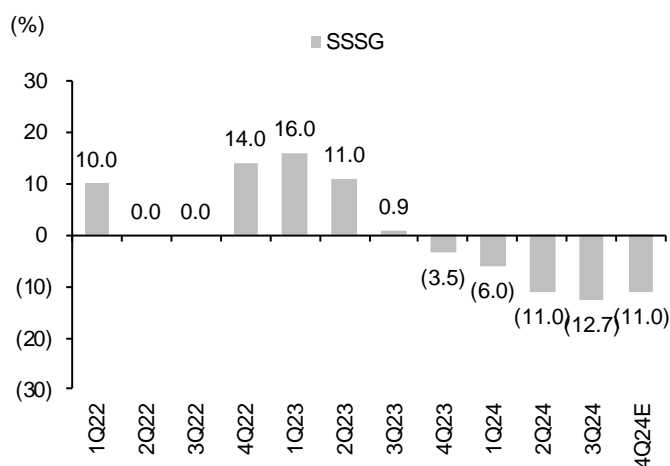
Key ratios (%)						(ppt)	(ppt)			
Gross margin	67.0	67.6	67.2	67.8	67.4	(0.4)	0.4	66.1	67.5	1.4
SG&A to sales	53.3	58.9	57.2	59.4	59.0	(0.4)	5.7	55.7	58.7	2.9
Operating margin	16.2	11.2	12.1	11.4	11.1	(0.3)	(5.0)	12.6	11.4	(1.1)
Net margin	12.6	8.8	9.8	9.3	9.0	(0.3)	(3.6)	10.1	9.1	(1.0)
Core margin	12.6	8.8	9.8	9.3	9.0	(0.3)	(3.6)	10.1	9.1	(1.0)

Operating statistics										
SSSG (%)	(3.5)	(6.1)	(11.0)	(12.7)	(11.0)			5.7	(10.2)	
Total stores (no.)	703	706	702	694	692			703	692	
-MK brand	448	448	446	441	441			448	441	
-Yayoi brand	198	199	199	195	191			198	191	
-LCS brand	39	41	39	39	40			39	40	
-Other brands	18	18	18	19	20			18	20	

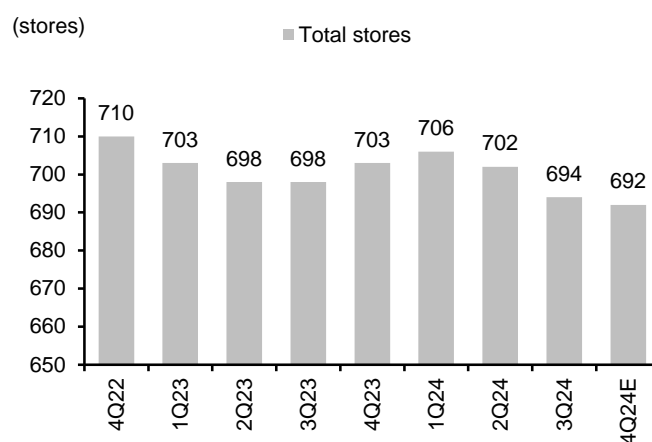
Sources: M; FSSIA estimates

## Exhibit 2: Quarterly same-store-sales growth



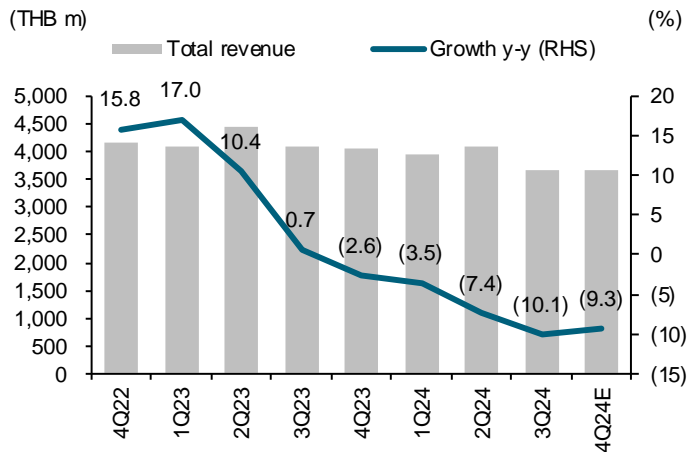
Sources: M; FSSIA estimates

## Exhibit 3: Total number of branches



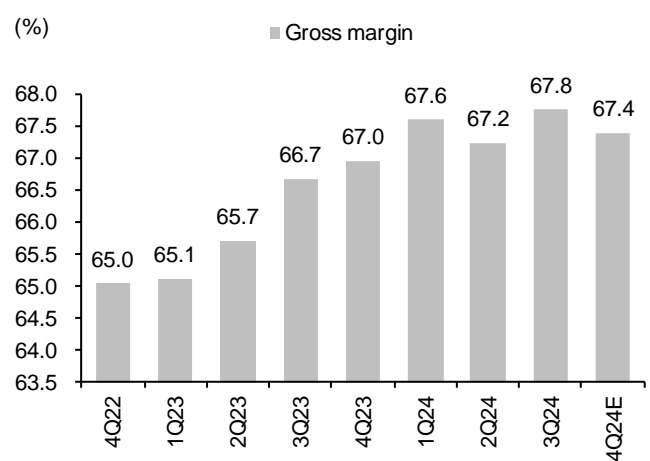
Sources: M; FSSIA estimates

Exhibit 4: Quarterly total revenue and growth



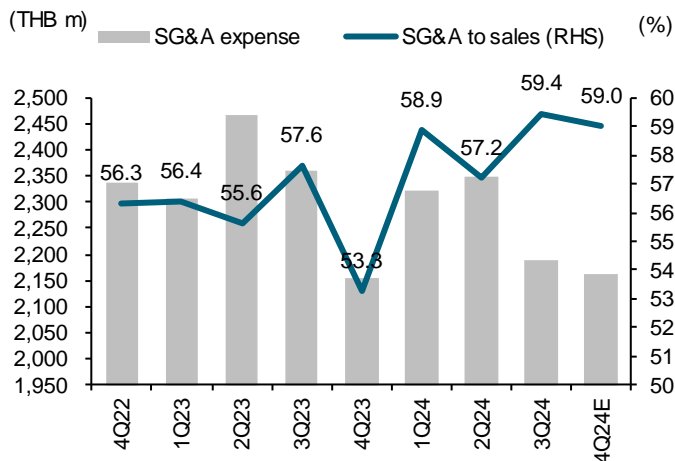
Sources: M; FSSIA estimates

Exhibit 5: Quarterly gross margin



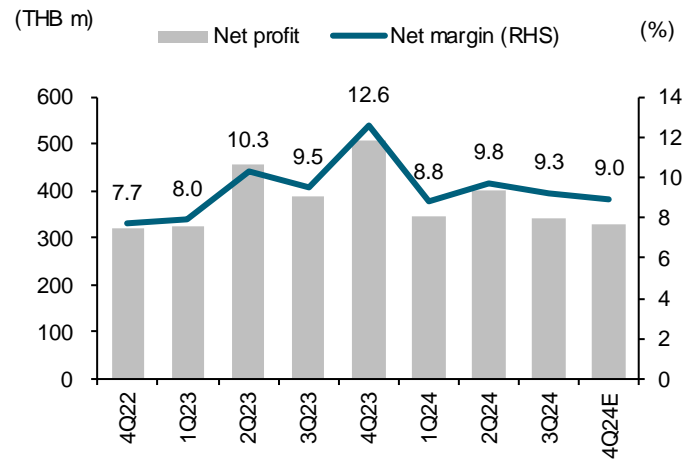
Sources: M; FSSIA estimates

Exhibit 6: Quarterly SG&amp;A to sales



Sources: M; FSSIA estimates

Exhibit 7: Net profit and net margin



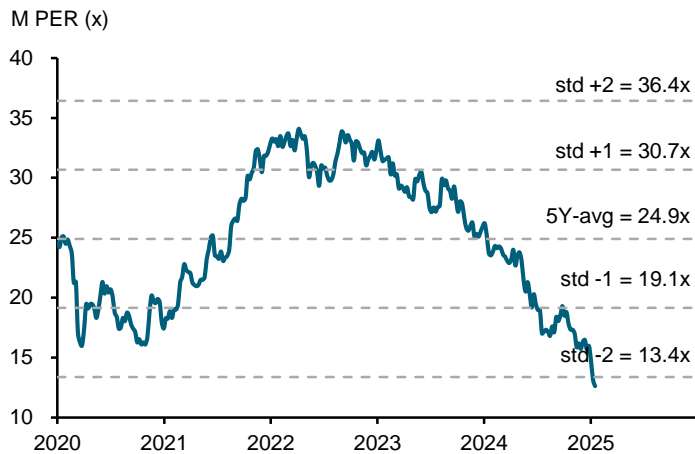
Sources: M; FSSIA estimates

## Exhibit 8: Changes in key assumptions for M

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Sales	15,400	15,913	16,422	16,711	17,567	18,283	(7.8)	(9.4)	(10.2)
Cost of sales	5,005	5,172	5,337	5,515	5,779	5,997	(9.2)	(10.5)	(11.0)
Gross profit	10,395	10,741	11,085	11,196	11,787	12,286	(7.2)	(8.9)	(9.8)
SG&A	9,035	9,309	9,574	9,659	10,118	10,512	(6.5)	(8.0)	(8.9)
Operating profit	1,757	1,830	1,905	1,930	2,055	2,176	(9.0)	(11.0)	(12.4)
Interest expense	106	111	119	92	92	93	15.4	19.9	27.6
Tax expense	229	258	270	275	295	314	(16.7)	(12.4)	(14.1)
Reported net profit	1,406	1,457	1,524	1,549	1,664	1,775	(9.2)	(12.4)	(14.2)
Core profit	1,406	1,457	1,524	1,549	1,664	1,775	(9.2)	(12.4)	(14.2)
<b>Key ratios (%)</b>									
Total sales growth	(7.6)	3.3	3.2	0.3	5.1	4.1			
Net profit growth	(16.4)	3.6	4.5	(7.9)	7.4	6.7			
Core profit growth	(16.4)	3.6	4.5	(7.9)	7.4	6.7			
Gross margin	67.5	67.5	67.5	67.0	67.1	67.2	0.7	0.6	0.4
SG&A to sales	58.7	58.5	58.3	57.8	57.6	57.5	0.9	0.9	0.8
Operating margin	11.4	11.5	11.6	11.6	11.7	11.9	(1.2)	(1.7)	(2.5)
Net margin	9.1	9.2	9.3	9.3	9.5	9.7	(0.1)	(0.3)	(0.4)
Core margin	9.1	9.2	9.3	9.3	9.5	9.7	(1.5)	(3.3)	(4.5)
<b>Operating statistics</b>									
SSSG (%)	(10.2)	3.0	3.0	(2.0)	3.0	3.0			
Total stores (no.)	692	701	711	722	737	752			

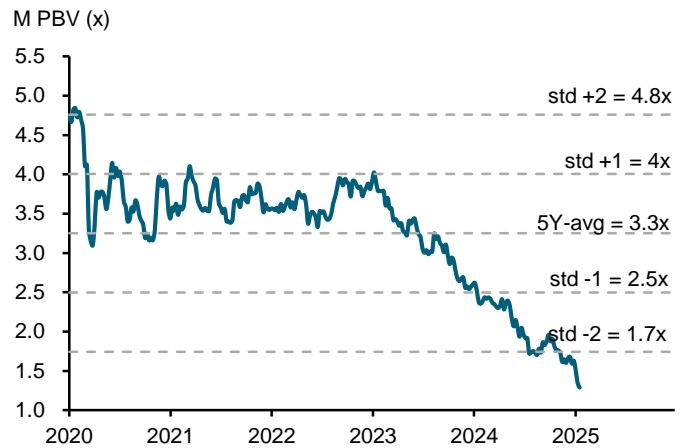
Source: FSSIA estimates

## Exhibit 9: Historical P/E band



Sources: Bloomberg, FSSIA estimates

## Exhibit 10: 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	15,400	15,913	16,422
Cost of goods sold	(5,461)	(5,648)	(5,005)	(5,172)	(5,337)
<b>Gross profit</b>	<b>10,267</b>	<b>11,013</b>	<b>10,395</b>	<b>10,741</b>	<b>11,085</b>
Other operating income	249	365	397	398	394
Operating costs	(8,646)	(9,288)	(9,035)	(9,309)	(9,574)
<b>Operating EBITDA</b>	<b>3,867</b>	<b>4,072</b>	<b>3,755</b>	<b>3,843</b>	<b>3,930</b>
Depreciation	(1,997)	(1,980)	(1,998)	(2,013)	(2,025)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,870</b>	<b>2,091</b>	<b>1,757</b>	<b>1,830</b>	<b>1,905</b>
Net financing costs	(87)	(95)	(106)	(111)	(119)
Associates	(29)	(9)	1	4	12
Recurring non-operating income	(29)	(9)	1	4	12
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>1,755</b>	<b>1,987</b>	<b>1,652</b>	<b>1,723</b>	<b>1,798</b>
Tax	(308)	(280)	(229)	(258)	(270)
<b>Profit after tax</b>	<b>1,447</b>	<b>1,707</b>	<b>1,422</b>	<b>1,464</b>	<b>1,529</b>
Minority interests	(8)	(25)	(16)	(7)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,439</b>	<b>1,682</b>	<b>1,406</b>	<b>1,457</b>	<b>1,524</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,439</b>	<b>1,682</b>	<b>1,406</b>	<b>1,457</b>	<b>1,524</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.56	1.83	1.53	1.58	1.65
Reported EPS	1.56	1.83	1.53	1.58	1.65
DPS	1.40	1.60	1.30	1.35	1.41
Diluted shares (used to calculate per share data)	921	921	921	921	921
<b>Growth</b>					
Revenue (%)	40.7	5.9	(7.6)	3.3	3.2
Operating EBITDA (%)	74.7	5.3	(7.8)	2.3	2.3
Operating EBIT (%)	816.8	11.8	(16.0)	4.2	4.1
Recurring EPS (%)	998.5	16.9	(16.4)	3.6	4.5
Reported EPS (%)	998.5	16.9	(16.4)	3.6	4.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	65.3	66.1	67.5	67.5	67.5
Gross margin exc. depreciation (%)	78.0	78.0	80.5	80.1	79.8
Operating EBITDA margin (%)	24.6	24.4	24.4	24.1	23.9
Operating EBIT margin (%)	11.9	12.6	11.4	11.5	11.6
Net margin (%)	9.1	10.1	9.1	9.2	9.3
Effective tax rate (%)	17.5	14.1	13.9	15.0	15.0
Dividend payout on recurring profit (%)	89.6	87.6	85.0	85.0	85.0
Interest cover (X)	21.2	21.9	16.6	16.6	16.2
Inventory days	42.5	40.1	48.7	48.3	47.6
Debtor days	3.3	2.5	2.8	3.0	3.0
Creditor days	147.7	154.0	174.8	145.0	142.8
Operating ROIC (%)	230.6	450.4	228.8	148.2	144.3
ROIC (%)	16.1	17.9	14.5	14.4	14.1
ROE (%)	10.8	12.3	10.1	10.3	10.6
ROA (%)	7.7	8.9	7.5	7.7	7.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
MK	11,639	12,455	11,088	11,420	11,763
Yayoi	2,831	2,999	2,811	2,896	2,983
LCS	944	1,000	1,078	1,153	1,211
Other	315	207	423	444	466

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	1,406	1,457	1,524
Depreciation	1,997	1,980	1,998	2,013	2,025
Associates & minorities	37	37	0	2	(7)
Other non-cash items	0	0	0	0	0
Change in working capital	295	214	(399)	35	34
<b>Cash flow from operations</b>	<b>3,768</b>	<b>3,914</b>	<b>3,006</b>	<b>3,506</b>	<b>3,576</b>
Capex - maintenance	(1,653)	(1,982)	(2,289)	(2,600)	(2,900)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(691)	(449)	142	(20)	(11)
<b>Cash flow from investing</b>	<b>(2,344)</b>	<b>(2,431)</b>	<b>(2,147)</b>	<b>(2,620)</b>	<b>(2,911)</b>
Dividends paid	(1,197)	(1,270)	(1,195)	(1,239)	(1,295)
Equity finance	0	0	0	0	0
Debt finance	(187)	(10)	(99)	177	227
Other financing cash flows	51	(118)	(134)	31	31
<b>Cash flow from financing</b>	<b>(1,333)</b>	<b>(1,397)</b>	<b>(1,428)</b>	<b>(1,031)</b>	<b>(1,038)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>91</b>	<b>85</b>	<b>(569)</b>	<b>(144)</b>	<b>(372)</b>
Free cash flow to firm (FCFF)	1,510.24	1,577.48	965.00	997.47	784.04
Free cash flow to equity (FCFE)	1,287.71	1,355.18	626.62	1,094.58	922.95
<b>Per share (THB)</b>					
FCFF per share	1.64	1.71	1.05	1.08	0.85
FCFE per share	1.40	1.47	0.68	1.19	1.00
Recurring cash flow per share	3.77	4.02	3.70	3.77	3.85
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)
<b>Tangible fixed assets (net)</b>	<b>2,747</b>	<b>2,798</b>	<b>3,054</b>	<b>3,259</b>	<b>3,413</b>
<b>Intangible fixed assets (net)</b>	<b>5,533</b>	<b>5,434</b>	<b>5,480</b>	<b>5,862</b>	<b>6,582</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,366	2,840	2,840	2,840	2,840
Cash & equivalents	7,779	7,865	7,296	7,152	6,780
A/C receivable	121	110	127	131	135
Inventories	414	391	411	425	439
Other current assets	111	76	77	80	82
<b>Current assets</b>	<b>8,426</b>	<b>8,441</b>	<b>7,911</b>	<b>7,787</b>	<b>7,435</b>
Other assets	830	834	693	716	739
<b>Total assets</b>	<b>19,901</b>	<b>20,347</b>	<b>19,978</b>	<b>20,464</b>	<b>21,010</b>
Common equity	13,443	13,843	14,066	14,284	14,513
Minorities etc.	322	351	352	357	362
<b>Total shareholders' equity</b>	<b>13,765</b>	<b>14,194</b>	<b>14,418</b>	<b>14,641</b>	<b>14,875</b>
Long term debt	2,023	2,008	1,908	2,008	2,158
Other long-term liabilities	1,175	1,058	924	955	985
<b>Long-term liabilities</b>	<b>3,198</b>	<b>3,065</b>	<b>2,832</b>	<b>2,963</b>	<b>3,143</b>
A/C payable	1,449	1,646	1,234	1,275	1,316
Short term debt	0	0	0	0	0
Other current liabilities	1,489	1,441	1,494	1,585	1,675
<b>Current liabilities</b>	<b>2,938</b>	<b>3,087</b>	<b>2,728</b>	<b>2,860</b>	<b>2,991</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,901</b>	<b>20,347</b>	<b>19,978</b>	<b>20,464</b>	<b>21,010</b>
Net working capital	(2,291)	(2,511)	(2,113)	(2,224)	(2,336)
Invested capital	9,184	9,395	9,954	10,452	11,239
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	14.60	15.03	15.27	15.51	15.76
Tangible book value per share	8.59	9.13	9.32	9.15	8.61
<b>Financial strength</b>					
Net debt/equity (%)	(41.8)	(41.3)	(37.4)	(35.1)	(31.1)
Net debt/total assets (%)	(28.9)	(28.8)	(27.0)	(25.1)	(22.0)
Current ratio (x)	2.9	2.7	2.9	2.7	2.5
CF interest cover (x)	15.9	15.2	6.9	10.9	8.8
Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>12.2</b>	<b>10.5</b>	<b>12.5</b>	<b>12.1</b>	<b>11.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>15.4</b>	<b>13.1</b>	<b>15.7</b>	<b>15.2</b>	<b>14.5</b>
Reported P/E (x)	12.2	10.5	12.5	12.1	11.5
Dividend yield (%)	7.3	8.4	6.8	7.0	7.4
Price/book (x)	1.3	1.3	1.3	1.2	1.2
Price/tangible book (x)	2.2	2.1	2.0	2.1	2.2
EV/EBITDA (x) **	3.1	3.0	3.3	3.3	3.4
EV/EBITDA @ target price (x) **	4.3	4.1	4.5	4.5	4.5
EV/invested capital (x)	1.3	1.3	1.3	1.2	1.2
* 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 ( <a href="#">DJSI</a> ) 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.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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 <b>SETESG inclusion</b> , 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. <b>SETESG Index</b> is extended from the SET ESG Ratings 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainalytics</a>	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 &amp; 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+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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

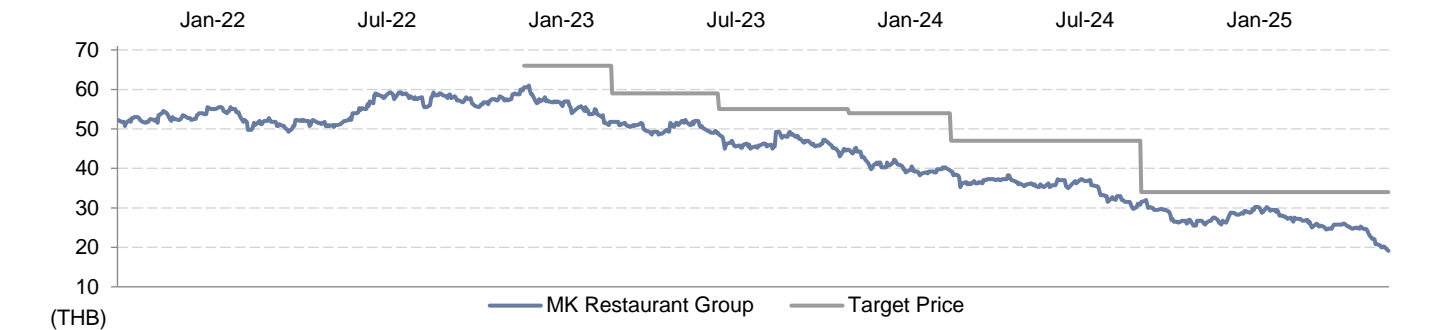
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History of change in investment rating and/or target price

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 19.10	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 20-Jan-2025 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.