

MC GROUP Pcl (MC TB) - BUY, Price Bt9.80, TP Bt13.00**Results Comment**

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Strong turnaround in 4QFY22, in line

- MC reported a strong earnings turnaround in 4QFY22 (Apr-Jun) with net profit of Bt122m, an increase of 11% q-q and a big jump y-y from Bt18m in 4QFY21.
- FY22 net profit grew by 9% y-y to Bt486m, driven by higher gross margin to 64.7% (59.6% in FY21) due to its strategy to lower price discount. This was despite sales revenues falling by 9% y-y caused by store closure during lockdown in Jul-Aug affecting 1QFY22 sales.
- 4QFY22 performance was boosted by sales growth, gross margin expansion and lower SG&A/sales.
- Merchandise sales increased by 42% y-y and 2% q-q to Bt752m, from growing offline sales with a 43% SSSG. E-commerce sales dropped by 26% y-y to Bt52m and accounted for 7% of 4QFY22 (down from 13% in 4QFY21 and 9% in 3QFY22).
- Gross margin significantly improved y-y to 65.6% (up from 54.5% in 4QFY21) and maintained high level of above 65% for three quarters.
- We maintain our BUY call to Bt13 TP.
- 2HFY22 DPS is Bt0.28/share, XD on Nov 3rd with payment date set on Nov 25th.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	531	438	995	738	752	Revenue	2	42	99	2,923	3,558
Gross profit	289	269	648	482	493	Gross profit	2	71	100	1,892	2,277
SG&A	290	243	370	347	346	SG&A	(0)	19	101	1,306	1,522
Operating profit	(1)	26	277	135	147	Operating profit	9	na	100	586	755
EBITDA	96	124	371	228	241	EBITDA	5	151	99	964	1,130
Other income	8	5	11	5	5	Other income	3	(34)	84	26	39
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	7	5	5	5	5	Interest expense	(7)	(24)	87	20	20
Profit before tax	1	26	284	135	148	Profit before tax	9	19,223	99	592	774
Income tax	(15)	2	53	25	27	Income tax	10	na	94	107	155
Equity & invest. income	0	(1)	1	(0)	(0)	Equity & invest. income	na	na	na	(1)	0
Minority interests	2	0	(0)	0	1	Minority interests	7,905	(35)	na	1	0
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	18	24	231	110	122	Net profit	11	583	101	486	619
Normalized profit	18	24	231	110	122	Normalized profit	11	583	101	486	619
EPS (Bt)	0.02	0.03	0.29	0.14	0.15	EPS (Bt)	11	583	100	0.61	0.78
Normalized EPS (Bt)	0.02	0.03	0.29	0.14	0.15	Normalized EPS (Bt)	11	583	100	0.61	0.78

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	(%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Cash & ST investment	1,864	1,828	1,997	1,851	1,995	Sales growth	(3.4)	(43.8)	(12.2)	(5.0)	41.7
A/C receivable	202	190	300	210	203	Operating profit growth	na	(80.4)	0.5	22.8	na
Inventory	1,250	1,368	1,278	1,286	1,200	EBITDA growth	68.1	(32.3)	(16.6)	17.6	151.4
Other current assets	7	7	7	6	7	Norm profit growth	(53.6)	(78.3)	2.0	18.3	583.4
Investment	0	0	0	0	0	Norm EPS growth	(53.6)	(78.3)	2.0	18.3	583.4
Fixed assets	343	333	334	332	359	Gross margin	54.5	61.4	65.1	65.3	65.6
Other assets	1,547	1,443	1,309	1,334	1,297	Operating margin	(0.1)	5.9	27.9	18.3	19.6
Total assets	5,214	5,170	5,223	5,018	5,062	EBITDA margin	18.0	28.3	37.3	30.9	32.0
S-T debt	0	0	0	0	0	Norm net margin	3.4	5.4	23.2	14.9	16.2
A/C payable	283	307	353	337	300	D/E (x)	-	-	-	-	-
Other current liabilities	438	449	494	458	434	Net D/E (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
L-T debt	0	0	0	0	0	Interest coverage (x)	14	24	79	41	47
Other liabilities	891	788	678	668	653	Interest rate	na	na	na	na	na
Minority interest	11	11	11	11	10	Effective tax rate	(1,901.0)	6.7	18.8	18.3	18.4
Shareholders' equity	3,591	3,615	3,688	3,544	3,665	ROA	1.3	1.8	17.8	8.6	9.6
Working capital	1,170	1,251	1,225	1,159	1,103	ROE	2.0	2.6	25.3	12.1	13.5
Total debt	0	0	0	0	0						
Net debt	(1,864)	(1,828)	(1,997)	(1,851)	(1,995)						

Sources: Company data, Thanachart estimates

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