

**MC GROUP Pcl (MC TB) - BUY, Price Bt12.20, TP Bt14.00****Results Comment**

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**Good 2QFY23 results as expected**

- MC reported good and in-line 2QFY23 (Oct-Dec) of Bt246m, up 7% y-y and 113% q-q.
- Sales revenues grew by 12% y-y and 47% q-q to Bt1.1bn on the back of 14.6% SSSG.
- Strong sales growth was seen in freestanding shops with a 21% y-y growth to Bt738m owing to good performance of Mc Outlets and its store expansion. Sales from department stores also rose by 13% y-y to Bt251m. E-commerce sales dropped by 14% y-y to Bt88m (8% of sales).
- Gross margin stayed high at 65.2%. MC now guides for 65% gross margin for FY23F, higher than 64% previous guidance.
- As of Dec 2022, it has 654 points of sale, 86 are Mc Outlets.
- 1HFY23 profit came to 58% of our FY23F. Jan SSSG was solid at >30% y-y vs our 25% estimate for 3QFY23F.
- It announced 1HFY23 DPS of Bt0.45/share. XD is on Feb 22<sup>nd</sup> with payment date on Mar 9<sup>th</sup>.

Income Statement (consolidated)						Income Statement 6M as					
Yr-end Jun (Bt m)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	(Bt m)	q-q%	y-y%	% 2023F	2023F	2024F
Revenue	995	738	752	759	1,117	Revenue	47	12	52	3,614	4,182
<b>Gross profit</b>	<b>648</b>	<b>482</b>	<b>493</b>	<b>490</b>	<b>728</b>	<b>Gross profit</b>	<b>49</b>	<b>12</b>	<b>53</b>	<b>2,313</b>	<b>2,689</b>
SG&A	370	347	346	350	419	SG&A	20	13	49	1,556	1,769
Operating profit	277	135	147	141	309	Operating profit	119	11	59	757	921
<b>EBITDA</b>	<b>371</b>	<b>228</b>	<b>241</b>	<b>234</b>	<b>404</b>	<b>EBITDA</b>	<b>73</b>	<b>9</b>	<b>57</b>	<b>1,129</b>	<b>1,170</b>
Other income	11	5	5	9	2	Other income	(74)	(77)	32	37	44
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	5	5	5	6	5	Interest expense	(8)	11	56	19	15
<b>Profit before tax</b>	<b>284</b>	<b>135</b>	<b>148</b>	<b>144</b>	<b>306</b>	<b>Profit before tax</b>	<b>112</b>	<b>8</b>	<b>58</b>	<b>775</b>	<b>950</b>
Income tax	53	25	27	29	59	Income tax	106	11	57	155	190
Equity & invest. income	1	(0)	(0)	(0)	(1)	Equity & invest. income	na	na	na	0	0
Minority interests	(0)	0	1	0	0	Minority interests	(11)	na	na	0	0
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
<b>Net profit</b>	<b>231</b>	<b>110</b>	<b>122</b>	<b>116</b>	<b>246</b>	<b>Net profit</b>	<b>113</b>	<b>7</b>	<b>58</b>	<b>620</b>	<b>760</b>
<b>Normalized profit</b>	<b>231</b>	<b>110</b>	<b>122</b>	<b>116</b>	<b>246</b>	<b>Normalized profit</b>	<b>113</b>	<b>7</b>	<b>58</b>	<b>620</b>	<b>760</b>
EPS (Bt)	0.29	0.14	0.15	0.15	0.31	EPS (Bt)	113	7	58	0.78	0.96
Normalized EPS (Bt)	0.29	0.14	0.15	0.15	0.31	Normalized EPS (Bt)	113	7	58	0.78	0.96

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23		2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Cash & ST investment	1,997	1,851	1,995	2,111	2,111	Sales grow th	(12.2)	(5.0)	41.7	73.3	12.2
A/C receivable	300	210	203	204	307	Operating profit grow th	0.5	22.8	na	444.8	11.3
Inventory	1,278	1,286	1,200	1,251	1,253	EBITDA grow th	(16.6)	17.6	151.4	88.7	8.9
Other current assets	7	6	7	7	10	Norm profit grow th	2.0	18.3	583.4	390.0	6.7
Investment	0	0	0	0	0	Norm EPS grow th	2.0	18.3	583.4	390.0	6.7
Fixed assets	334	332	359	450	521	Gross margin	65.1	65.3	65.6	64.6	65.2
Other assets	1,309	1,334	1,297	1,302	1,354	Operating margin	27.9	18.3	19.6	18.5	27.7
<b>Total assets</b>	<b>5,223</b>	<b>5,018</b>	<b>5,062</b>	<b>5,325</b>	<b>5,557</b>	EBITDA margin	37.3	30.9	32.0	30.8	36.2
S-T debt	0	0	0	0	0	Norm net margin	23.2	14.9	16.2	15.2	22.1
A/C payable	353	337	300	407	523	D/E (x)	-	-	-	-	-
Other current liabilities	494	458	434	469	503	Net D/E (x)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)
L-T debt	0	0	0	0	0	Interest coverage (x)	79	41	47	41	78
Other liabilities	678	668	653	655	721	Interest rate	na	na	na	na	na
Minority interest	11	11	10	10	2	Effective tax rate	18.8	18.3	18.4	19.9	19.3
<b>Shareholders' equity</b>	<b>3,688</b>	<b>3,544</b>	<b>3,665</b>	<b>3,783</b>	<b>3,807</b>	ROA	17.8	8.6	9.6	8.9	18.1
Working capital	1,225	1,159	1,103	1,047	1,038	ROE	25.3	12.1	13.5	12.4	26.0
Total debt	0	0	0	0	0						
<b>Net debt</b>	<b>(1,997)</b>	<b>(1,851)</b>	<b>(1,995)</b>	<b>(2,111)</b>	<b>(2,111)</b>						

Sources: Company data, Thanachart estimates

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