

MC GROUP Pcl (MC TB) - BUY, Price Bt12.40, TP Bt15.00**Results Comment**

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In-line 4QFY23 results

- MC's 4QFY23 (Apr-Jun) net profit came in line at Bt118m, down 3% y-y and 28% q-q. Excluding Bt19m one-time expenses booked under SG&A; Bt14m associated with warehouse relocation from rented facility to MC Fulfillment Center and Bt5m on new presenter and related A&P expenses, core profit would be Bt133m, increasing by 10% y-y but down 18% q-q.
- Key drivers for 4QFY23 were an 11% sales growth to Bt837m from a 5% SSS growth and sales from new stores (+52 branches in FY23 mostly Mc Outlets to 690 points of sales). 4QFY23 gross margin fell slightly y-y and q-q to 64.5% vs 65.6% in 4QFY22 and 64.9% in 3QFY23.
- FY23 net profit of Bt644m was in line at 100% of our forecast, growing by 33% y-y backed by a 26% sales growth, 10bp gross margin expansion to 64.8% and falling SG&A/sales ratio to 43.2% (44.7% in FY22).
- MC announced FY23 DPS of Bt0.81/share (100% payout ratio). It will pay 2HFY23 DPS of Bt0.36/share, XD on Nov 2nd with payment date set on Nov 24th, 2023.
- For 1QFY24F to date (Jul-Aug MTD), sales grew by 10-15% y-y, on track to its FY24 sales growth guidance.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Jun (Bt m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	(Bt m)	q-q%	y-y%	% 2023F	2023A	2024F
Revenue	752	759	1,117	957	837	Revenue	(12)	11	102	3,670	4,182
Gross profit	493	490	728	621	540	Gross profit	(13)	9	101	2,379	2,689
SG&A	346	350	419	424	394	SG&A	(7)	14	102	1,587	1,769
Operating profit	147	141	309	197	146	Operating profit	(26)	(1)	100	792	921
EBITDA	241	234	404	295	228	EBITDA	(23)	(5)	100	1,179	1,170
Other income	5	9	2	7	8	Other income	12	52	73	27	44
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	5	6	5	3	6	Interest expense	89	17	104	20	15
Profit before tax	148	144	306	201	148	Profit before tax	(26)	0	99	799	950
Income tax	27	29	59	37	28	Income tax	(26)	3	95	153	190
Equity & invest. income	(0)	(0)	(1)	0	(2)	Equity & invest. income	na	na	na	(2)	0
Minority interests	1	0	0	0	(0)	Minority interests	na	na	na	0	0
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	122	116	246	163	118	Net profit	(28)	(3)	100	644	760
Normalized profit	122	116	246	163	118	Normalized profit	(28)	(3)	100	644	760
EPS (Bt)	0.15	0.15	0.31	0.21	0.15	EPS (Bt)	(28)	(3)	100	0.81	0.96
Normalized EPS (Bt)	0.15	0.15	0.31	0.21	0.15	Normalized EPS (Bt)	(28)	(3)	100	0.81	0.96

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	(%)	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Cash & ST investment	1,995	2,111	2,111	1,774	1,727	Sales grow th	41.7	73.3	12.2	29.7	11.3
A/C receivable	203	204	307	234	203	Operating profit grow th	na	444.8	11.3	45.5	(1.1)
Inventory	1,200	1,251	1,253	1,268	1,294	EBITDA grow th	151.4	88.7	8.9	29.2	(5.1)
Other current assets	7	7	10	13	7	Norm profit grow th	583.4	390.0	6.7	49.0	(2.8)
Investment	0	0	0	0	0	Norm EPS grow th	583.4	390.0	6.7	49.0	(2.8)
Fixed assets	359	450	521	535	697	Gross margin	65.6	64.6	65.2	64.9	64.5
Other assets	1,297	1,302	1,354	1,365	1,444	Operating margin	19.6	18.5	27.7	20.5	17.4
Total assets	5,062	5,325	5,557	5,189	5,371	EBITDA margin	32.0	30.8	36.2	30.8	27.3
S-T debt	0	0	0	0	0	Norm net margin	16.2	15.2	22.1	17.1	14.1
A/C payable	300	407	523	413	417	D/E (x)	-	-	-	-	-
Other current liabilities	434	469	503	446	438	Net D/E (x)	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)
L-T debt	0	0	0	0	0	Interest coverage (x)	47	41	78	93	38
Other liabilities	653	655	721	717	795	Interest rate	na	na	na	na	na
Minority interest	10	10	2	2	2	Effective tax rate	18.4	19.9	19.3	18.6	18.8
Shareholders' equity	3,665	3,783	3,807	3,611	3,719	ROA	9.6	8.9	18.1	12.2	9.0
Working capital	1,103	1,047	1,038	1,089	1,081	ROE	13.5	12.4	26.0	17.6	12.9
Total debt	0	0	0	0	0						
Net debt	(1,995)	(2,111)	(2,111)	(1,774)	(1,727)						

Sources: Company data, Thanachart estimates

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