

Moshi Moshi Retail Corp Pcl (MOSHI TB) - BUY

Phannarai Tiypittayarat | Email: Phannarai.von@thanachartsec.co.th

Analyst Meeting**Positive messages from analyst meeting**

- **19 new branches in 2H23F vs 8 in 1H23.**
- **Strategies to improve gross margin from 2H23.**
- **Target 3 branches of a new concept store, Garlic, in 2H23F.**
- **Strong SSS momentum in 3QTD.**
- 2023F new stores will be higher than earlier guidance of 23 new branches (20 Moshi Moshi shops, 1 OK Station, 2 standalone) to at least 27 (21 Moshi Moshi shops, 1 Ok Station, 2 standalone, 3 new format stores under Garlic brand).
- With rising sales mix from higher-margin products in 2H23F despite full contribution from lower-margin OK Station acquired in 2Q23 (PET accessories launched in May, 3 new Garlic shops with majority of products imported, and improving gross margin of OK Station from currently 20% gross margin by bringing in imported products to sell in store from mid-September to reach 30% of OK sales by end of next year), management guides for 2H23F gross margin of not lower than 1H23's 52.9%. This implies 50bp gross margin expansion y-y for 2023F which is higher than our 20bp assumption.
- 1st Garlic store targeting women customers just opened on July 16th with 150-sqm sellable area. This store model has high potential to expand along with Moshi Moshi shops. Given different store concept with not so many duplicate products with Moshi Moshi, future Garlic stores can be opened in the same department store branches as Moshi MOSHI's.
- 3QTD SSSG is around 10%, better than our 8% forecast for 3Q23F.
- We see earnings upside to our forecast from this year from SSSG, gross margin and number of new store expansion.
- We reaffirm our BUY call on MOSHI as a small-cap top sector pick with Bt65 TP on a current strong 31% five-year EPS CAGR.

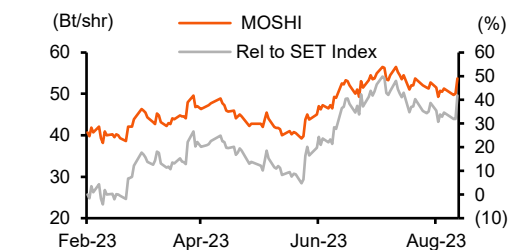
Key Valuations

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Revenue	1,890	2,682	3,513	4,339
Net profit	253	379	542	738
Norm net profit	253	379	542	738
Norm EPS (Bt)	0.9	1.1	1.6	2.2
Norm EPS gr (%)	90.8	21.0	43.2	36.1
Norm PE (x)	56.7	46.8	32.7	24.0
EV/EBITDA (x)	22.1	22.0	16.9	13.1
P/BV (x)	11.0	12.6	10.1	7.9
Div. yield (%)	6.1	0.9	1.2	1.7
ROE (%)	19.7	25.1	34.3	36.8
Net D/E (%)	(46.9)	(45.4)	(51.4)	(62.5)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	53.75
Target price (Bt)	65.00
Market cap (US\$ m)	502
Avg daily turnover (US\$ m)	2.3
12M H/L price (Bt)	56.50/29.09

Price Performance

Source: Bloomberg

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