

**Moshi Moshi Retail Corp Pcl (MOSHI TB) - BUY**

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**Analyst Meeting****Strong momentum**

- **Solid 3Q24F profit, growing by 33% y-y and q-q to Bt108m.**
  - **Despite JV loss of Bt3-5m expected.**
  - **QTD SSSG (1-15 Oct) of 30%.**
  - **New store target revised up to 34 this year and 40 next year.**
- After the imported-product shortage issue was solved in early July, its performance is back to strong growth track which we forecast Bt108m net profit for 3Q24F, increasing by 33% y-y and 33% q-q, from a 4% profit fall y-y in 2Q24 on a negative same-store sales growth of 8.5%.
  - Drivers for 3Q24F are 1) a 23% sales growth y-y to Bt718m (22% from core business, retail and wholesale shops, with an estimated SSSG of 5.8% in 3Q24F and 39 new stores opened over the past 12 months to a total of 158 as of 3Q24 (Exhibit 2), and 1% of total revenues will be from two exhibitions; Hello Kitty Exhibition: Celebration of Friendship, and Sanrio Characters: FUNtastic Exhibition, 2) expanding gross margin by 65bp y-y and 72bp q-q to 53.8%, 3) falling SG&A/sales to 33.5%, from 34.0% in 3Q23 and 35.9% in 2Q24 on larger sales base.
  - Gross margin expansion of 65bp y-y in 3Q24F will be from a much improved gross margin from its four wholesale branches (+200-300bp y-y to 36.3-37.3%) due to rising imported sales mix of the OK Station to 25-28% in 3Q24F from less than 10% in 3Q23 and some retail customers have shifted from buying at Moshi retail stores to Moshi wholesale branches. However, gross margin from retail stores is expected fall by 40bp y-y to 57.1% due to higher sales from lower-margin products ie art toys and blind box (40-45% gross margin) and Moshi warehouse sale of 30-70% off from September 25<sup>th</sup> – October 6<sup>th</sup>, 2024. Besides MOSHI's own art toys and blind boxes, it has launched products of 52 Toys at three Moshi stores with a plan to cover 12 Moshi branches by end of this year.
  - QTD SSSG for 1H of October is a strong 30%. This is boosted by the new collection of NCT Dream products launched in early October, continuing warehouse sale and rising sales/sqm resulted from the change in furniture/shelves at 70 Moshi stores so far. Excluding the impact from new K-Pop products, QTD SSSG is 10%. As 3Q-4Q24F SSSG likely beats our 3% forecast for both quarters, we see upside to our -0.5% SSSG for this year to +1%.
  - New Moshi store target revised up to 34 this year and 40 next year, higher than our 32 and 34 new stores assumption for 2024-25F. It will launch a new store format in 1Q25F, the XL Moshi standalone occupying sellable area of 300 sqm, larger than the existing standalone format near universities of 80-100 sqm to capture new customers and suitable with its expanding product SKUs.

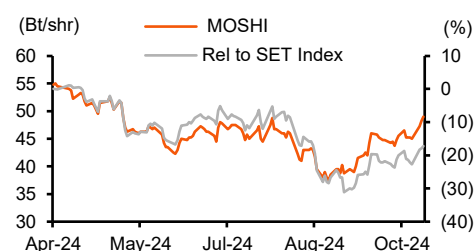
**Key Valuations**

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	2,530	2,971	3,587	4,318
Net profit	402	497	649	840
Norm net profit	402	497	649	840
Norm EPS (Bt)	1.2	1.5	2.0	2.5
Norm EPS gr (%)	28.3	23.7	30.7	29.4
Norm PE (x)	40.3	32.6	24.9	19.3
EV/EBITDA (x)	19.3	16.3	13.2	10.6
P/BV (x)	8.2	7.2	6.2	5.2
Div. yield (%)	1.2	1.5	2.0	2.6
ROE (%)	22.4	23.4	26.6	29.4
Net D/E (%)	(4.8)	(7.8)	(14.8)	(24.3)

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	49.00
Target price (Bt)	60.00
Market cap (US\$ m)	487
Avg daily turnover (US\$ m)	1.4
12M H/L price (Bt)	59.50/37.50

**Price Performance**

Source: Bloomberg

## Ex 1: 3Q24F Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	3Q23	4Q23	1Q24	2Q24	3Q24F	(q-q%)	(y-y%)
Revenue	585	789	692	637	718	13	23
<b>Gross profit</b>	<b>311</b>	<b>429</b>	<b>379</b>	<b>338</b>	<b>386</b>	<b>14</b>	<b>24</b>
SG&A	199	230	217	229	241	5	21
Operating profit	112	198	163	109	146	34	30
<b>EBITDA</b>	<b>247</b>	<b>272</b>	<b>245</b>	<b>194</b>	<b>233</b>	<b>20</b>	<b>(6)</b>
Other income	4	4	4	4	4	(10)	10
Other expenses	(4)	(5)	(6)	(6)	(6)	na	na
Interest expenses	15	16	17	18	19	6	30
<b>Profit before tax</b>	<b>105</b>	<b>191</b>	<b>155</b>	<b>102</b>	<b>137</b>	<b>34</b>	<b>31</b>
Income tax	23	42	30	21	29	40	24
Equity & invest. Income	0	0	0	0	0		
Minority interest	0	0	0	0	0		
Extraordinary items	0	0	0	0	0		
<b>Net profit</b>	<b>81</b>	<b>149</b>	<b>125</b>	<b>81</b>	<b>108</b>	<b>33</b>	<b>33</b>
<b>Normalized profit</b>	<b>81</b>	<b>149</b>	<b>125</b>	<b>81</b>	<b>108</b>	<b>33</b>	<b>33</b>

Sources: Company data, Thanachart estimates

## Ex 2: MOSHI's Total Stores

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F
Retail shops	97	103	106	110	114	124	132	140	147	153
Wholesale shops	3	3	3	3	3	3	3	3	3	3
Garlic	0	0	0	0	1	3	3	3	3	3
OK Station	0	0	0	1	1	1	1	1	1	1
Standalone	0	0	0	0	0	0	1	3	4	5
<b>Total</b>	<b>100</b>	<b>106</b>	<b>109</b>	<b>114</b>	<b>119</b>	<b>131</b>	<b>140</b>	<b>150</b>	<b>158</b>	<b>165</b>
New stores (q-q)		6	3	5	5	12	9	10	8	7
SSSG (%)		27.1	43.6	19.9	11.5	4.0	0.4	(8.5)	5.8	3.0

Sources: Company data, Thanachart estimates

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