

**MK Restaurant Group Pcl (M TB) - BUY, Price Bt26.25, TP Bt57.00****Results Comment**

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**Missed 3Q24**

- Normalized earnings of Bt341m fell by 12% y-y and 15% q-q. Earnings missed due to weak traffic.
- Gross margin increased to 68% y-y from 67%/66% last year and last quarter.
- Sales declined by 10% y-y and q-q. We suspect this was due to intense competition.
- SG&A to sales rose to 59% from 57% last year and last quarter. We believe M likely needed higher marketing expenses to boost its traffic.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	4,094	4,042	3,946	4,107	3,683	Revenue	(10)	(10)	64	18,410	20,217
<b>Gross profit</b>	<b>2,730</b>	<b>2,706</b>	<b>2,667</b>	<b>2,761</b>	<b>2,495</b>	<b>Gross profit</b>	<b>(10)</b>	<b>(9)</b>	<b>64</b>	<b>12,337</b>	<b>13,550</b>
SG&A	2,360	2,153	2,323	2,350	2,189	SG&A	(7)	(7)	68	10,052	10,917
Operating profit	370	553	344	412	306	Operating profit	(26)	(17)	46	2,286	2,633
<b>EBITDA</b>	<b>839</b>	<b>1,039</b>	<b>841</b>	<b>900</b>	<b>785</b>	<b>EBITDA</b>	<b>(13)</b>	<b>(6)</b>	<b>62</b>	<b>4,069</b>	<b>4,397</b>
Other income	103	100	99	85	113	Other income	33	10	127	233	253
Other expense	0	0	0	0	0	Other expense					
Interest expense	20	26	27	27	26	Interest expense	(2)	29	187	43	44
<b>Profit before tax</b>	<b>453</b>	<b>628</b>	<b>416</b>	<b>470</b>	<b>393</b>	<b>Profit before tax</b>	<b>(16)</b>	<b>(13)</b>	<b>52</b>	<b>2,476</b>	<b>2,842</b>
Income tax	60	108	66	65	48	Income tax	(26)	(19)	46	387	444
Equity & invest. income	(0)	2	(0)	0	0	Equity & invest. income	na	na	(1)	(20)	(20)
Minority interests	(4)	(13)	(3)	(4)	(4)	Minority interests	na	na	na	5	(30)
Extraordinary items	0	0	0	0	0	Extraordinary items					
<b>Net profit</b>	<b>389</b>	<b>509</b>	<b>347</b>	<b>401</b>	<b>341</b>	<b>Net profit</b>	<b>(15)</b>	<b>(12)</b>	<b>52</b>	<b>2,074</b>	<b>2,347</b>
<b>Normalized profit</b>	<b>389</b>	<b>509</b>	<b>347</b>	<b>401</b>	<b>341</b>	<b>Normalized profit</b>	<b>(15)</b>	<b>(12)</b>	<b>52</b>	<b>2,074</b>	<b>2,347</b>
EPS (Bt)	0.42	0.55	0.38	0.44	0.37	EPS (Bt)	(15)	(12)	52	2.25	2.55
Normalized EPS (Bt)	0.42	0.55	0.38	0.44	0.37	Normalized EPS (Bt)	(15)	(12)	52	2.25	2.55

  

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24		3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	7,289	7,865	7,908	7,404	6,101	Sales grow th	0.7	(2.6)	(3.5)	(7.4)	(10.1)
A/C receivable	120	110	141	177	142	Operating profit grow th	(21.5)	52.8	(3.4)	(7.8)	(17.3)
Inventory	356	391	352	342	341	EBITDA grow th	(14.4)	19.9	(1.1)	(8.0)	(6.4)
Other current assets	101	76	95	330	81	Norm profit grow th	(4.7)	58.7	6.5	(12.7)	(12.3)
Investment	846	848	849	865	866	Norm EPS grow th	(4.7)	58.7	6.5	(12.7)	(12.3)
Fixed assets	2,688	2,798	2,766	2,705	4,398	Gross margin	66.7	67.0	67.6	67.2	67.8
Other assets	8,108	8,259	8,372	8,298	7,149	Operating margin	9.0	13.7	8.7	10.0	8.3
<b>Total assets</b>	<b>19,507</b>	<b>20,347</b>	<b>20,484</b>	<b>20,121</b>	<b>19,078</b>	EBITDA margin	20.5	25.7	21.3	21.9	21.3
S-T debt	24	24	26	27	25	Norm net margin	9.5	12.6	8.8	9.8	9.3
A/C payable	1,414	1,646	1,231	1,570	1,225	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	1,460	1,417	1,505	1,428	1,276	Net D/E (x)	(0.5)	(0.6)	(0.5)	(0.5)	(0.4)
L-T debt	0	0	0	0	0	Interest coverage (x)	41.5	40.3	31.3	33.6	30.0
Other liabilities	3,052	3,065	3,177	3,141	2,941	Interest rate	340.8	433.0	427.9	403.3	403.6
Minority interest	335	351	355	359	364	Effective tax rate	13.2	17.3	15.9	13.8	12.3
<b>Shareholders' equity</b>	<b>13,223</b>	<b>13,843</b>	<b>14,191</b>	<b>13,596</b>	<b>13,248</b>	ROA	7.9	10.2	6.8	7.9	7.0
Working capital	(938)	(1,146)	(738)	(1,051)	(742)	ROE	11.7	15.0	9.9	11.5	10.2
Total debt	24	24	26	27	25						
<b>Net debt</b>	<b>(7,265)</b>	<b>(7,841)</b>	<b>(7,882)</b>	<b>(7,377)</b>	<b>(6,076)</b>						

Sources: Company data, Thanachart estimates

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