

**MC GROUP Pcl (MC TB) - BUY, Price Bt10.90, TP Bt15.00****Results Comment**

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**Flat 1QFY25 as expected**

- MC reported an in-line 1QFY25 (Jul-Sep) net profit of Bt133m, up 3% y-y but down 3% q-q.
- Flat results were backed by rising other income (some Bt20m income charged to DB Schenker) and lower effective tax rate (from flood donation and a one-time impact from the adjustment of deferred income tax due to the change in the estimate of the write-off of intangible assets).
- EBIT fell 26% y-y and 27% q-q on falling sales and higher SG&A/sales ratio on lower sales base.
- Sales dropped by 4% y-y and 4% q-q to Bt842m as offline sales falling by 8% y-y to Bt717m on a -10% SSSG caused by soft spending and opportunity loss on sales of Bt20m unqualified products (accessories products imported from China). We expect this quality issue impacted SSSG by 3%.
- E-commerce sales grew well by 25% y-y and 21% q-q to Bt125m, at 15% of total 1QFY25 sales.
- Gross margin was maintained at a high level of 65.3%, falling slightly y-y from 66.0% but rising q-q from 64.5%.
- Since 1QFY25 performance was a slow start for FY25F, accounting for 15% of our FY25F net profit, we see 10% earnings downside for our FY25F.
- Improving economic sentiment QTD helped to drive total sales growth of 5-6% QTD.
- Assuming 10% downside to FY25F net profit, FY25F dividend yield will remain high at 8.8%.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Jun (Bt m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	882	1,302	995	876	842	Revenue	(4)	(4)	18	4,582	5,021
<b>Gross profit</b>	<b>582</b>	<b>834</b>	<b>623</b>	<b>565</b>	<b>550</b>	<b>Gross profit</b>	<b>(3)</b>	<b>(5)</b>	<b>19</b>	<b>2,960</b>	<b>3,259</b>
SG&A	419	487	418	400	430	SG&A	8	3	23	1,902	2,036
Operating profit	163	347	205	165	120	Operating profit	(27)	(26)	11	1,058	1,223
<b>EBITDA</b>	<b>264</b>	<b>454</b>	<b>305</b>	<b>268</b>	<b>223</b>	<b>EBITDA</b>	<b>(17)</b>	<b>(16)</b>	<b>17</b>	<b>1,313</b>	<b>1,446</b>
Other income	14	15	9	24	38	Other income	55	177	83	46	52
Other expense	0	0	0	0	0	Other expense					
Interest expense	7	9	10	10	10	Interest expense	2	38	43	23	20
<b>Profit before tax</b>	<b>169</b>	<b>353</b>	<b>204</b>	<b>180</b>	<b>148</b>	<b>Profit before tax</b>	<b>(18)</b>	<b>(13)</b>	<b>14</b>	<b>1,081</b>	<b>1,256</b>
Income tax	31	70	39	44	16	Income tax	(65)	(49)	7	216	251
Equity & invest. income	(1)	(0)	0	0	0	Equity & invest. income	416	na	na	0	0
Minority interests	0	0	(0)	(0)	(0)	Minority interests	na	na	na	0	0
Extraordinary items	(8)	0	(0)	1	0	Extraordinary items	na	na	na	0	0
<b>Net profit</b>	<b>129</b>	<b>283</b>	<b>165</b>	<b>136</b>	<b>133</b>	<b>Net profit</b>	<b>(3)</b>	<b>3</b>	<b>15</b>	<b>865</b>	<b>1,005</b>
<b>Normalized profit</b>	<b>138</b>	<b>283</b>	<b>165</b>	<b>135</b>	<b>133</b>	<b>Normalized profit</b>	<b>(2)</b>	<b>(4)</b>	<b>15</b>	<b>865</b>	<b>1,005</b>
EPS (Bt)	0.16	0.36	0.21	0.17	0.17	EPS (Bt)	(3)	3	15	1.09	1.27
Normalized EPS (Bt)	0.17	0.36	0.21	0.17	0.17	Normalized EPS (Bt)	(2)	(4)	15	1.09	1.27

  

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	(%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Cash & ST investment	1,675	1,719	1,487	1,734	1,868	Sales grow th	16.1	16.6	4.0	4.6	(4.5)
A/C receivable	251	358	254	200	213	Operating profit grow th	15.5	12.3	4.2	13.1	(26.2)
Inventory	1,472	1,418	1,347	1,257	1,395	EBITDA grow th	12.8	12.2	3.6	17.2	(15.5)
Other current assets	7	8	7	9	7	Norm profit grow th	18.9	14.7	0.8	14.6	(3.6)
Investment	0	0	0	0	0	Norm EPS grow th	18.9	14.7	0.8	14.6	(3.6)
Fixed assets	700	695	696	688	680	Gross margin	66.0	64.0	62.6	64.5	65.3
Other assets	1,501	1,662	1,689	1,681	1,652	Operating margin	18.4	26.6	20.6	18.8	14.3
<b>Total assets</b>	<b>5,605</b>	<b>5,861</b>	<b>5,479</b>	<b>5,569</b>	<b>5,814</b>	EBITDA margin	30.0	34.8	30.7	30.6	26.5
S-T debt	0	0	0	0	0	Norm net margin	15.6	21.7	16.6	15.5	15.7
A/C payable	435	499	357	306	308	D/E (x)	-	-	-	-	-
Other current liabilities	473	532	492	505	649	Net D/E (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
L-T debt	0	0	0	0	0	Interest coverage (x)	37	48	31	28	23
Other liabilities	844	983	1,018	1,017	981	Interest rate	na	na	na	na	na
Minority interest	2	2	2	1	1	Effective tax rate	18.1	19.8	19.2	24.6	10.6
<b>Shareholders' equity</b>	<b>3,851</b>	<b>3,845</b>	<b>3,611</b>	<b>3,740</b>	<b>3,875</b>	ROA	10.0	19.7	11.6	9.8	9.3
Working capital	1,287	1,277	1,244	1,151	1,299	ROE	14.5	29.4	17.7	14.7	13.9
Total debt	0	0	0	0	0						
<b>Net debt</b>	<b>(1,675)</b>	<b>(1,719)</b>	<b>(1,487)</b>	<b>(1,734)</b>	<b>(1,868)</b>						

Sources: Company data, Thanachart estimates

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