

BUY (Unchanged)

TP: Bt 12.00

(From: Bt 15.00)

Change in Numbers

Upside : 20.0%

3 FEBRUARY 2025

MC GROUP Pcl (MC TB)

Slower growth but high yield

MC is slowing down its Mc Outlet store openings from this year onward. However, we still estimate its EPS CAGR to be 10% over FY25-27F, driven by rising online sales. Together with a 10.1x FY25F PE multiple and a 9.9% dividend yield, we remain a BUYer of MC.



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A high-yield play; BUY

MC is slowing down its store openings, and we cut our earnings estimates by 6/8/11% for FY25-27F and by an average of 20% after that. Note that FY25 is the fiscal year ending in June 2025. Our DCF-based 12-month TP (FY26F base year) falls to Bt12.0 (from Bt15.0). However, we still rate MC as a BUY. **First**, despite its store expansion slowdown, we still project a 10% EPS CAGR in FY25-27F. **Second**, MC's sales from online channels are still growing and we expect the contribution to total sales to rise to 19.2% in 2027F from 10.4% in 2024F. **Third**, we see MC as inexpensive trading on 10.1x PE and a 9.9% dividend yield on FY25F numbers. MC is a net cash company with a free cash flow yield of 14.8% in FY25F, which should support the high dividend.

Mc Outlet expansion slows down

After the launch of its first Mc Outlet store in a PTT gas station in October 2021, it converted all 54 mcmc shops in PTT gas stations into Mc Outlets, along with rapidly opening branches to reach 142 stores by the end of FY24. Since it covers most of the prime gas stations on the main highways and store numbers are approaching its 200-store target, we now assume Mc Outlet store expansion slows down to 5/10/10 (25/20/15 previously) net new branches in 2025-27F. Note that it opened a new Mc Outlet store in 1HFY25 but closed down five stores. Some were too small in size (not able to support the expansion of product SKUs), and some had their rental contracts terminated.

New sales driver from TikTok

MC launched its mcjeans online shop on the TikTok platform two years ago. Its e-commerce sales grew by 9/28% in FY23-24 and contributed 9.0/10.4% of total sales. As TikTok has gained popularity while MC has raised the proportion of non-denim products to 65% of sales, we project e-commerce sales growth of 46% y-y in 1HFY25F (July-December 2024F) to 15% of sales and 50/30/15% growth for FY25-27F, contributing 14.7/17.8/19.2% of total sales.

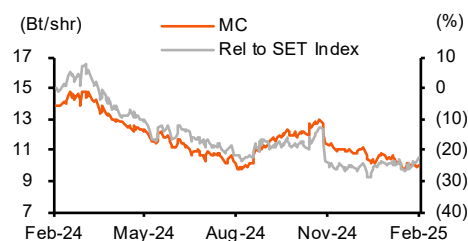
A 10% three-year EPS CAGR

We estimate MC to deliver a 10% three-year EPS CAGR over FY25-27F. We expect drivers to be 6/8/7% sales growth, boosted by online sales and new stores, and gross margin expansion of 30/20/20bp to 64.5/64.7/64.9% in FY25-27F from a higher mix of high-quality products (targets to raise product value by 10%/piece) and offering lower sales discount campaigns. For 2QFY25F (October-December 2024F), we estimate net profit of Bt301m, up 6% y-y and 127% q-q on 3% y-y sales growth and gross margin widening by 90bp y-y to 64.9%.

COMPANY VALUATION

Y/E Jun (Bt m)	2024A	2025F	2026F	2027F
Sales	4,054	4,292	4,621	4,929
Net profit	713	788	877	960
Consensus NP	—	760	814	858
Diff frm cons (%)	—	3.6	7.8	11.8
Norm profit	720	788	877	960
Prev. Norm profit	—	837	951	1,077
Chg frm prev (%)	—	(5.9)	(7.8)	(10.9)
Norm EPS (Bt)	0.9	1.0	1.1	1.2
Norm EPS grw (%)	11.9	9.3	11.4	9.4
Norm PE (x)	11.0	10.1	9.0	8.3
EV/EBITDA (x)	4.9	4.6	4.2	3.9
P/BV (x)	2.1	2.1	2.1	2.0
Div yield (%)	9.0	9.9	11.1	12.1
ROE (%)	19.3	21.0	23.1	25.0
Net D/E (%)	(46.3)	(44.8)	(46.3)	(48.1)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 3-Feb-25 (Bt)	10.00
Market Cap (US\$ m)	232.9
Listed Shares (m shares)	792.0
Free Float (%)	51.7
Avg Daily Turnover (US\$ m)	0.6
12M Price H/L (Bt)	14.70/9.70
Sector	Commerce
Major Shareholder	Miss Sunee Seripanu 46.04%

Sources: Bloomberg, Company data, Thanachart estimates



A high-yield play; BUY

We cut our TP by 20% to Bt12.0 as store expansion is slowing down

As MC Group Pcl (MC) is slowing down store openings from this year onward while the weak economy is hurting its offline stores' sales, we have lowered our new stores and same-store sales (SSS) growth assumptions. Our earnings projections are cut by 6/8/11% over FY25-27F and by an average of 20% p.a. during FY28-36F. Our DCF-based 12-month TP (FY26F base year) has been brought down by 20% to Bt12.0/share from Bt15.0 earlier.

Ex 1: Key Assumption Changes

	FY23	FY24	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	FY34F	FY35F	FY36F
SSSG (%)														
- New	27	4	(2)	3	3	3	3	3	3	3	3	3	3	3
- Old			0	3	3	3	3	3	3	3	3	3	3	3
New stores														
- New	(92)	27	2	10	10	5	5	5	5	5	4	4	0	0
- Old			25	20	15	10	5	5	5	5	5	5	5	5
Total stores (YE)	555	582	584	594	604	609	614	619	624	629	633	637	637	637
- MC Outlets	112	142	147	157	167	172	177	182	187	192	196	200	200	200
- Other stores	443	440	437	437	437	437	437	437	437	437	437	437	437	437
SG&A/sales (%)														
- New	43.2	42.5	42.3	41.7	41.2	41.1	41.0	40.8	40.3	40.0	39.6	39.3	39.3	39.6
- Old			41.2	40.3	39.2	38.1	37.4	37.2	37.1	36.9	36.7	36.7	36.9	37.0
Norm profit (Bt m)														
- New	644	720	788	877	960	1,022	1,075	1,091	1,151	1,203	1,266	1,321	1,350	1,339
- Old			837	951	1,077	1,199	1,306	1,335	1,414	1,500	1,592	1,680	1,763	1,854
Change (%)			(5.9)	(7.8)	(10.9)	(14.8)	(17.7)	(18.3)	(18.6)	(19.8)	(20.5)	(21.4)	(23.4)	(27.8)

Sources: Company data, Thanachart estimates

Note: Number of modern trade stores was adjusted in FY23, leading to a net store closure in FY23

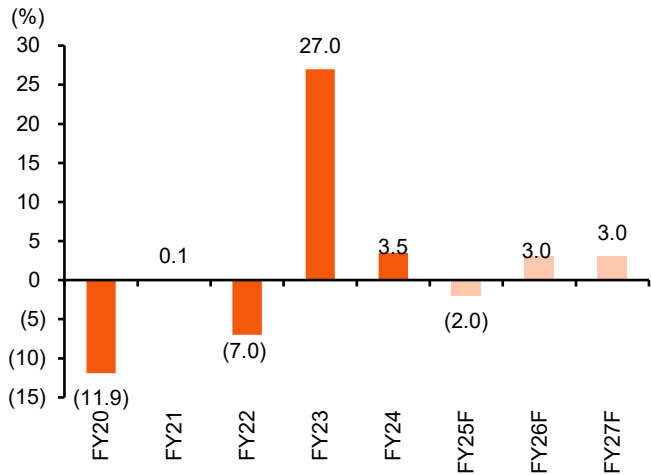
We reaffirm our BUY rating on MC for the following reasons:

Still delivering a 10% three-year EPS CAGR

First, despite EPS growth slowing down from a 17% CAGR in FY22-24F from the post-COVID turnaround and its new store format called Mc Outlet, we estimate a 10% EPS CAGR in FY25-27F.

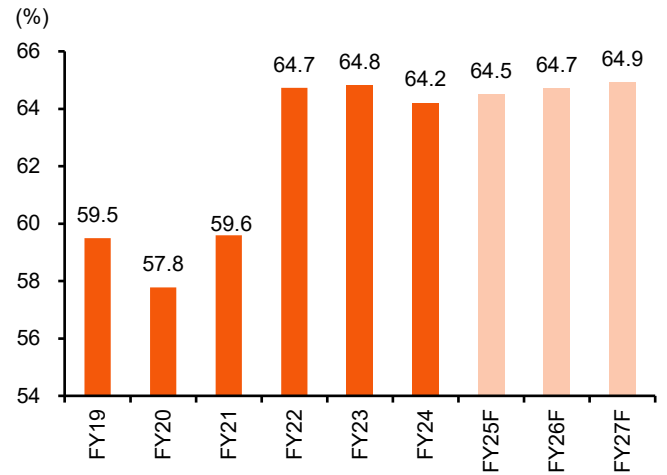
Though its strong earnings turnaround years post-COVID have passed, we expect the drivers going forward will be 6/8/7% sales growth in FY25-27F boosted by online sales and new stores, and gross margin expansion of 30/20/20bp to 64.5/64.7/64.9% in FY25-27F from a higher-mix of high-quality products (target to raise product value by 10%/piece), offering lower sales discount campaigns and cost control. For 2QFY25F (October-December 2024F), we estimate net profit of Bt301m, up 6% y-y and 127% q-q on 3% y-y sales growth and gross margin widening by 90bp y-y to 64.9%.

Ex 2: SSSG



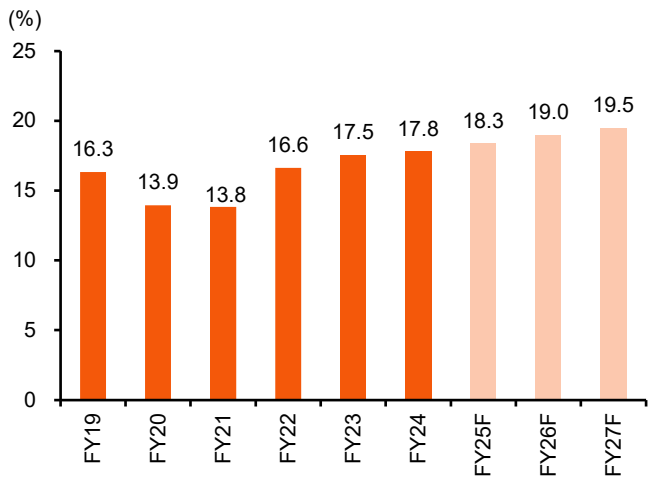
Sources: Company data, Thanachart estimates

Ex 3: Gross Margin



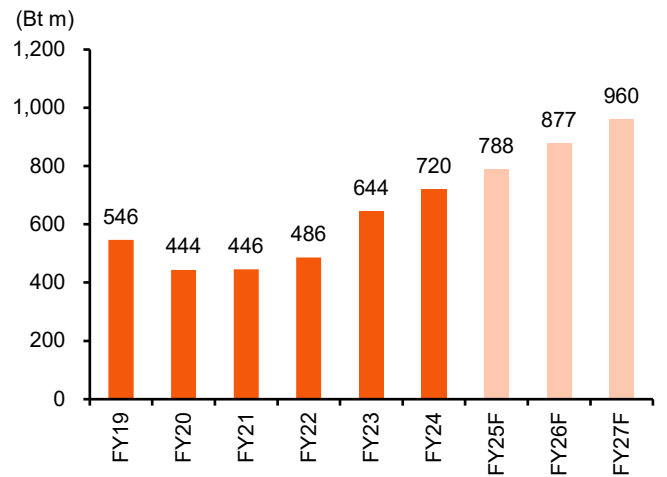
Sources: Company data, Thanachart estimates

Ex 4: Net Margin



Sources: Company data, Thanachart estimates

Ex 5: A 10% Profit CAGR Over FY25-27F



Sources: Company data, Thanachart estimates

A new sales driver of growing e-commerce sales

Second, there is the emerging sales driver of growing e-commerce sales from the TikTok channel. MC launched its mcjeans online shop on the TikTok platform in August 2022. Since then, its e-commerce sales grew 9/28% in FY23-24, contributing 9.0/10.4% of total sales. As TikTok has gained popularity while MC has raised the proportion of non-denim products to 65% of sales to capture more fast-fashion products and expand customer base to a younger generation, we project e-commerce sales growth of 46% y-y in 1H FY25F (July-December 2024F) to 15% of sales and 50/30/15% growth for FY25-27F, contributing 14.7/17.8/19.2% of total sales. E-commerce sales yield higher EBIT margin than offline sales around 5-10%, then we project EBIT margin rising from 21.7% in FY24F to 23.7% in FY27F.

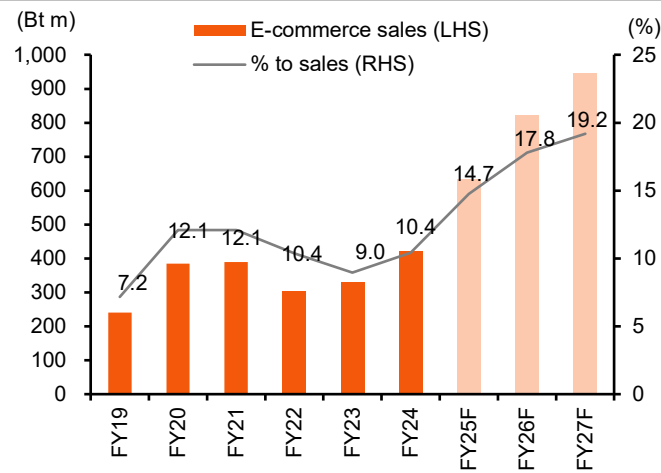
Ex 6: Points Of Sale

Points of sales	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
Free-standing shops	312	334	334	350	403	434	438	448	458
Modern trade	306	305	287	282	137	133	131	131	131
Mobile unit	6	6	6	6	6	6	6	6	6
Total domestic	624	645	627	638	546	573	575	585	595
International	14	12	9	9	9	9	9	9	9
Total	638	657	636	647	555	582	584	594	604

Sources: Company data, Thanachart estimates

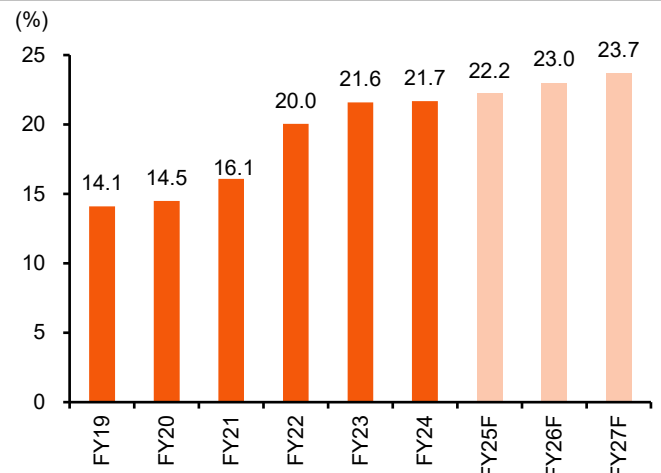
Note: Number of modern trade stores was adjusted in FY23

Ex 7: E-Commerce Sales Mix



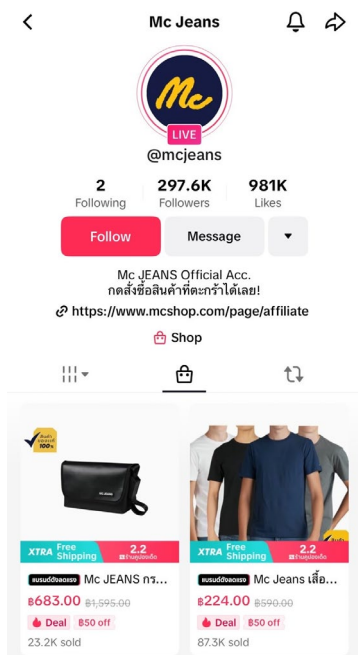
Sources: Company data, Thanachart estimates

Ex 8: EBIT Margin



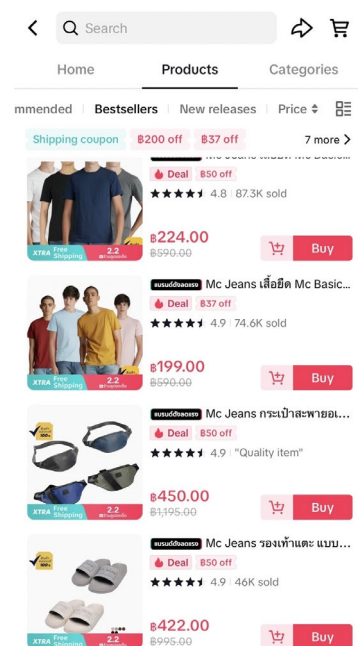
Sources: Company data, Thanachart estimates

Ex 9: McJeans' Official TikTok Account



Source: Company data

Ex 10: Best-Selling Products On TikTok



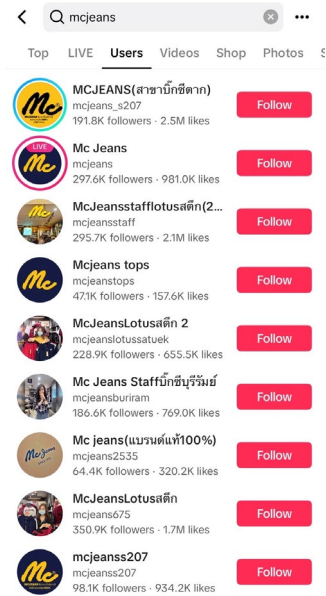
Source: Company data

Ex 11: TikTok Live On A 2.2 Campaign



Source: Company data

Ex 12: Mc Staff Are Also On TikTok

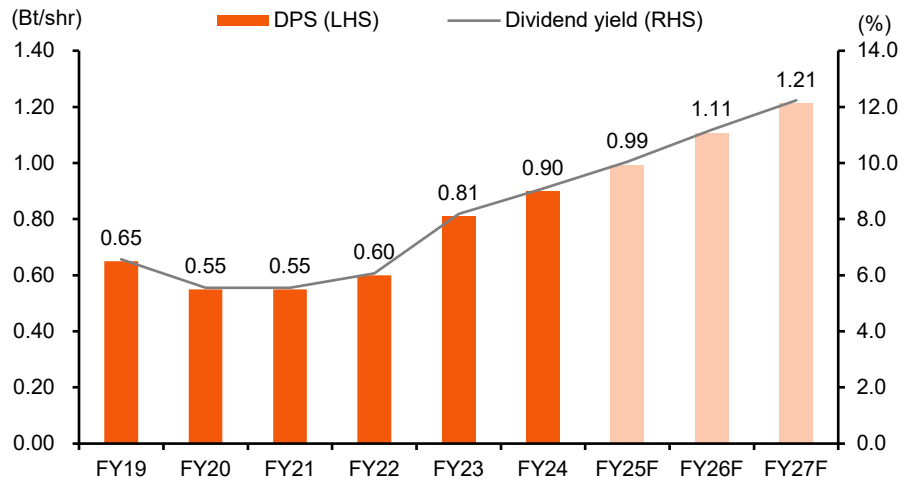


Source: Company data

Valuation look attractive on 10.1x FY25F PE with a 9.9% dividend yield

Third, given its net cash position and a high free cash flow yield of 14.8% in FY25F, this supports a high dividend payout of 100%. We estimate high dividend yields of 9.9/11.1% in FY25-26F with attractive FY25-26F PE multiples of 10.1/9.0x.

Ex 13: High Dividend Yields



Sources: Company data, Thanachart estimates

Expecting 2QFY25F profit growth of 6% y-y and 127% q-q

We forecast MC's 2QFY25F (October-December 2024) net profit of Bt301m, increasing by 6% y-y and 127% q-q. Total sales are expected to rise by 3% y-y and 59% q-q on high spending season. However, offline sales are projected to fall by 3% y-y to Bt1.1bn caused by soft spending power leading to a negative SSSG of 3%. With growing trend of TikTok shopping, online sales are forecasted to jump by 62% y-y and 67% q-q to a new record of Bt209m, with online sales contribution rising to 16% in 2QFY25F from 10% in 2QFY24. Another driver is improving gross margin by 90bp y-y to 64.9%.

**Stronger sales momentum
in Jan MTD**

2QFY25F SSSG improved q-q from -10% in 1QFY25 when there was an opportunity loss on sales of Bt20m unqualified products mainly accessories products imported from China. Sales momentum gets stronger in January MTD with a double-digit sales growth expected (implying SSSG turning positive in January) on the back of E-Receipt campaign and cold weather boosting outerwear sales. Online sales also carried strong growth of 40-50% y-y in January MTD.

Ex 14: 2Q FY25F Preview

Yr-end Jun (Bt m)	Income Statement					Change	
	2QFY24	3QFY24	4QFY24	1QFY25	2Q FY25F	(q-q%)	(y-y%)
Revenue	1,302	995	876	842	1,341	59	3
Gross profit	834	623	565	550	871	58	4
SG&A	487	418	400	430	502	17	3
Operating profit	347	205	165	120	369	208	6
EBITDA	454	305	268	223	474	113	5
Other income	15	9	24	38	12	(68)	(20)
Other expenses	0	0	0	0	0		
Interest expenses	9	10	10	10	10	2	6
Profit before tax	353	204	180	148	371	151	5
Income tax	70	39	44	16	71	352	1
Equity & invest. Income	(0)	0	0	0	0		
Minority interest	0	(0)	(0)	(0)	0		
Extraordinary items	0	(0)	1	0	0	na	na
Net profit	283	165	136	133	301	127	6
Normalized profit	283	165	135	133	301	127	6

Sources: Company data, Thanachart estimates

Ex 15: 12-month DCF-based TP Calculation Using A Base Year Of FY26F

(Bt m)	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	FY34F	FY35F	FY36F	Terminal value
EBITDA	1,157	1,263	1,349	1,423	1,511	1,605	1,691	1,793	1,886	1,984	2,071	
Free cash flow	964	1,072	1,163	1,142	1,216	1,294	1,365	1,449	1,528	864	950	7,628
PV of free cash flow	961	829	791	684	626	584	539	501	462	219	210	1,686
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.4											
WACC (%)	13.7											
Terminal growth (%)	2.0											
Enterprise value	8,092											
Net debt (end-FY25F)	(1,691)											
Minority interest	1											
Equity value	9,783											
# of shares (m)	792											
Equity value / share (Bt)	12.00											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 16: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		PE		P/BV		EV/EBITDA		Div. yield	
			24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
Marks & Spencer	MKS LN	Britain	39.9	24.1	13.3	10.7	1.9	1.8	6.7	6.0	1.4	1.6
J Sainsbury PLC	SBRY LN	Britain	(3.2)	3.7	10.7	10.3	0.7	0.8	4.9	4.8	5.7	5.9
Tesco	TSCO LN	Britain	12.7	11.7	14.1	12.6	1.9	2.0	7.4	7.2	3.4	3.9
Carrefour SA	CA FP	France	9.2	14.1	7.8	6.8	0.8	0.8	5.5	5.1	6.7	6.9
Casino Guichard	CO FP	France	124.8	(142.1)	0.5	na	0.2	0.2	5.5	5.2	0.0	0.0
L'Oreal SA	OR FP	France	0.7	8.3	28.8	26.6	5.9	5.4	18.9	17.9	1.9	2.1
Alimentation Couche	ATD/B CN	Canada	(2.0)	3.6	na	na	na	na	10.9	10.1	na	na
Aeon	8267 JP	Japan	39.9	(1.6)	84.6	86.0	3.2	3.0	10.1	10.2	1.0	1.0
Kao Corporation	4452 JP	Japan	132.8	9.9	26.1	23.7	2.8	2.7	11.8	11.2	2.5	2.6
Lion Corporation	4912 JP	Japan	15.0	5.4	22.9	21.7	1.6	1.5	9.1	8.6	1.7	1.7
Shiseido Co. Ltd	4911 JP	Japan	(57.9)	na	na	35.3	1.7	1.7	12.9	10.8	2.3	2.3
Lawson	2651 JP	Japan	112.2	na	na	na	na	na	na	na	na	na
Seven & I Holdings	3382 JP	Japan	(15.7)	(27.7)	26.6	36.8	1.7	1.7	9.0	9.6	1.6	1.7
Lotte Corp	004990 KS	South Korea	na	na	na	17.1	0.4	0.5	8.3	7.4	7.4	8.4
Shinsegae	004170 KS	South Korea	(28.7)	21.3	6.1	5.0	0.3	0.3	7.7	7.2	3.3	3.4
Amore Pacific Group	002790 KS	South Korea	140.6	(42.8)	7.2	12.5	0.6	0.5	8.7	6.8	2.6	1.9
Best Buy Co Inc	BBY US	USA	0.5	6.2	13.9	13.1	5.6	5.6	7.3	7.0	4.4	4.6
Wal-Mart Stores	WMT US	USA	15.1	11.4	39.4	35.4	8.6	7.8	19.7	18.0	0.8	0.9
Home Depot Inc	HD US	USA	0.1	4.3	27.3	26.2	na	na	18.5	17.8	2.2	2.3
Levi Strauss & Co.	LEVI US	USA	13.1	1.3	15.4	15.2	3.7	3.3	9.5	8.8	2.6	2.9
Yonghui Superstores	601933 CH	China	0.0	123.7	na	na	9.8	9.6	39.3	24.6	0.0	0.3
Sa International	178 HK	Hong Kong	na	(56.3)	7.5	17.1	1.7	1.6	5.3	6.9	7.4	4.8
Dairy Farm Intl Hldgs	DFI SP	Hong Kong	31.0	12.2	15.4	13.7	2.8	2.6	7.9	7.3	4.0	5.3
President Chain Store	2912 TT	Taiwan	5.6	7.1	22.9	21.4	6.6	6.2	9.3	9.2	3.8	4.0
7-Eleven Malaysia	SEM MK	Malaysia	(12.1)	19.0	34.3	28.8	5.1	4.7	8.8	8.3	1.4	1.7
Berli Jucker *	BJC TB	Thailand	8.0	7.0	17.1	16.0	0.7	0.7	10.5	10.1	4.1	4.4
COM7 *	COM7 TB	Thailand	11.5	24.2	16.0	12.9	5.6	4.6	11.9	9.8	3.7	4.6
CP All *	CPALL TB	Thailand	33.3	17.5	20.1	17.1	3.8	3.4	8.5	7.7	2.5	2.9
CP Axtra *	CPAXT TB *	Thailand	24.5	20.4	25.9	21.5	0.9	0.9	10.6	9.6	2.6	3.3
Central Pattana *	CPN TB	Thailand	13.9	8.0	14.7	13.6	2.3	2.1	11.0	10.4	3.7	3.9
Central Retail Corp. *	CRC TB	Thailand	2.3	11.9	23.8	21.3	2.8	2.6	8.1	7.7	1.6	1.9
Dohome *	DOHOME TB	Thailand	25.3	32.9	34.2	25.7	1.8	1.6	19.2	17.6	0.1	0.1
Siam Global House *	GLOBAL TB	Thailand	(7.5)	16.9	19.6	16.8	2.0	1.8	16.0	14.0	1.8	2.1
Home Product*	HMPRO TB	Thailand	1.6	10.7	17.3	15.6	4.3	4.1	9.8	9.1	4.6	5.1
MC Group *	MC TB	Thailand	11.9	9.3	11.0	10.1	2.1	2.1	4.9	4.6	9.0	9.9
Moshi Moshi Retail*	MOSHI TB *	Thailand	28.0	30.4	23.3	17.9	5.3	4.5	11.6	9.3	2.1	2.8
Average			21.4	6.2	20.9	20.8	3.0	2.8	11.0	9.9	3.0	3.3

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth,

Based on 3 February 2025 closing price

COMPANY DESCRIPTION

MC GROUP PCL (MC) started its jeans business in Thailand under its own "Mc" brand in 1975. Over the years, MC has developed a wide range of products under the Mc, Mc Lady, the Blue Brothers premium jeanswear, Mc mini kidswear, and U-P activewear brands, and it distributes them primarily via free-standing shops and modern-trade outlets nationwide. It has also established an e-commerce platform, which has become a key earnings growth driver.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Management has lots of experience in the jeans market in Thailand.
- It has the strong "Mc" brand with its own product designs.
- Good coverage of distribution channels nationwide.
- MC's product quality is high, with reasonable prices.
- With its large market share and in-house production, MC is very cost-competitive.

O — Opportunity

- Eyeing fast-growing ASEAN markets.
- Penetrating lifestyle markets.
- Expansion of product lines and customer groups.
- Some small apparel manufacturers have exited the market.

W — Weakness

- MC has high stock and inventory days, but they are on a declining trend.
- High operating expenses, mainly personnel and rental costs, make up over 70% of total SG&A.

T — Threat

- Competition from peers in the jeans market, including Levi's, Wrangler, Lee, and other brands.
- Competition from international brands such as H&M, UNIQLO, and ZARA is rising.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.13	12.00	-9%
Net profit 25F (Bt m)	760	788	4%
Net profit 26F (Bt m)	814	877	8%
Consensus REC	BUY: 2	HOLD: 2	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our FY25-26F net profits are 4-8% above the Street numbers, likely due to us having higher online sales growth assumption.
- However, our DCF-based TP is below that of other brokers, likely because we assume slower store expansion from FY25F.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- If growth in people's spending were to fall below our current expectations, this would be the key downside risk to our SSS growth assumptions.
- If MC's omnichannel and new format Mc Outlet are not as successful as planned, this would hurt the company's earnings-growth prospects.
- Increased competition from existing and new rivals in the jeans and apparel markets would pressure MC's sales volumes and prices.

Source: Thanachart

INCOME STATEMENT

FY ending Jun (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	3,670	4,054	4,292	4,621	4,929
Cost of sales	1,291	1,451	1,523	1,631	1,730
Gross profit	2,379	2,603	2,769	2,990	3,200
% gross margin	64.8%	64.2%	64.5%	64.7%	64.9%
Selling & administration expenses	1,587	1,724	1,816	1,927	2,033
Operating profit	792	879	953	1,063	1,167
% operating margin	21.6%	21.7%	22.2%	23.0%	23.7%
Depreciation & amortization	387	387	395	400	405
EBITDA	1,179	1,266	1,348	1,463	1,572
% EBITDA margin	32.1%	31.2%	31.4%	31.7%	31.9%
Non-operating income	27	62	72	80	88
Non-operating expenses	0	0	0	0	0
Interest expense	(20)	(36)	(41)	(46)	(55)
Pre-tax profit	799	905	984	1,097	1,200
Income tax	153	184	197	219	240
After-tax profit	646	721	788	877	960
% net margin	17.6%	17.8%	18.3%	19.0%	19.5%
Shares in affiliates' Earnings	(2)	(1)	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	(7)	0	0	0
NET PROFIT	644	713	788	877	960
Normalized profit	644	720	788	877	960
EPS (Bt)	0.8	0.9	1.0	1.1	1.2
Normalized EPS (Bt)	0.8	0.9	1.0	1.1	1.2

*A 10% EPS CAGR over
FY25-27F*

BALANCE SHEET

FY ending Jun (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	3,231	3,200	3,288	3,394	3,488
Cash & cash equivalent	1,727	1,734	1,691	1,772	1,861
Account receivables	203	200	294	317	338
Inventories	1,294	1,257	1,294	1,296	1,280
Others	7	9	9	10	10
Investments & loans	18	10	10	10	10
Net fixed assets	697	688	642	598	552
Other assets	1,425	1,670	1,961	2,288	2,640
Total assets	5,371	5,569	5,902	6,291	6,690
LIABILITIES:					
Current liabilities:	855	811	976	1,108	1,236
Account payables	417	306	334	357	379
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	0	0	0
Others current liabilities	438	505	642	751	857
Total LT debt	0	0	0	0	0
Others LT liabilities	795	1,017	1,148	1,359	1,589
Total liabilities	1,650	1,828	2,124	2,468	2,826
Minority interest	2	1	1	1	1
Preferreds shares	0	0	0	0	0
Paid-up capital	396	396	396	396	396
Share premium	2,825	2,825	2,825	2,825	2,825
Warrants	0	0	0	0	0
Surplus	13	1	1	1	1
Retained earnings	485	518	556	601	642
Shareholders' equity	3,719	3,740	3,778	3,822	3,864
Liabilities & equity	5,371	5,569	5,902	6,291	6,690

Sources: Company data, Thanachart estimates

*Inventory is well under
control, based on our
forecasts*

CASH FLOW STATEMENT

FY ending Jun (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	799	905	984	1,097	1,200
Tax paid	(137)	(161)	(202)	(209)	(237)
Depreciation & amortization	387	387	395	400	405
Chg In working capital	23	(71)	(102)	(1)	17
Chg In other CA & CL / minorities	(2)	75	142	95	100
Cash flow from operations	1,070	1,135	1,217	1,381	1,484
Capex	(420)	(77)	(46)	(50)	(50)
Right of use	(422)	(540)	(567)	(595)	(625)
ST loans & investments	0	0	0	0	0
LT loans & investments	2	8	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	91	173	104	177	198
Cash flow from investments	(749)	(436)	(510)	(468)	(477)
Debt financing	0	0	0	0	0
Capital increase	0	0	0	0	0
Dividends paid	(582)	(682)	(750)	(832)	(918)
Warrants & other surplus	(7)	(10)	0	0	0
Cash flow from financing	(590)	(692)	(750)	(832)	(918)
Free cash flow	649	1,058	1,171	1,331	1,434

VALUATION

FY ending Jun	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	12.3	11.0	10.1	9.0	8.3
Normalized PE - at target price (x)	14.8	13.2	12.1	10.8	9.9
PE (x)	12.3	11.1	10.1	9.0	8.3
PE - at target price (x)	14.8	13.3	12.1	10.8	9.9
EV/EBITDA (x)	5.3	4.9	4.6	4.2	3.9
EV/EBITDA - at target price (x)	6.6	6.1	5.8	5.3	4.9
P/BV (x)	2.1	2.1	2.1	2.1	2.0
P/BV - at target price (x)	2.6	2.5	2.5	2.5	2.5
P/CFO (x)	7.4	7.0	6.5	5.7	5.3
Price/sales (x)	2.2	2.0	1.8	1.7	1.6
Dividend yield (%)	8.1	9.0	9.9	11.1	12.1
FCF Yield (%)	8.2	13.4	14.8	16.8	18.1
(Bt)					
Normalized EPS	0.8	0.9	1.0	1.1	1.2
EPS	0.8	0.9	1.0	1.1	1.2
DPS	0.8	0.9	1.0	1.1	1.2
BV/share	4.7	4.7	4.8	4.8	4.9
CFO/share	1.4	1.4	1.5	1.7	1.9
FCF/share	0.8	1.3	1.5	1.7	1.8

Sources: Company data, Thanachart estimates

*High dividend yields,
based on our estimates*

FINANCIAL RATIOS

FY ending Jun	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	25.6	10.5	5.9	7.7	6.7
Net profit (%)	32.5	10.8	10.4	11.4	9.4
EPS (%)	32.5	10.8	10.4	11.4	9.4
Normalized profit (%)	32.5	11.9	9.3	11.4	9.4
Normalized EPS (%)	32.5	11.9	9.3	11.4	9.4
Dividend payout ratio (%)	99.7	99.9	100.0	100.0	100.0
Operating performance					
Gross margin (%)	64.8	64.2	64.5	64.7	64.9
Operating margin (%)	21.6	21.7	22.2	23.0	23.7
EBITDA margin (%)	32.1	31.2	31.4	31.7	31.9
Net margin (%)	17.6	17.8	18.3	19.0	19.5
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.5)	(0.5)	(0.4)	(0.5)	(0.5)
Interest coverage - EBIT (x)	39.6	24.4	23.4	23.0	21.3
Interest coverage - EBITDA (x)	58.9	35.2	33.1	31.6	28.6
ROA - using norm profit (%)	12.3	13.2	13.7	14.4	14.8
ROE - using norm profit (%)	17.4	19.3	21.0	23.1	25.0
DuPont					
ROE - using after tax profit (%)	17.5	19.3	21.0	23.1	25.0
- asset turnover (x)	0.7	0.7	0.7	0.8	0.8
- operating margin (%)	22.3	23.2	23.9	24.7	25.4
- leverage (x)	1.4	1.5	1.5	1.6	1.7
- interest burden (%)	97.6	96.2	96.0	96.0	95.6
- tax burden (%)	80.9	79.7	80.0	80.0	80.0
WACC (%)	13.7	13.7	13.7	13.7	13.7
ROIC (%)	38.4	35.2	38.0	40.8	45.5
NOPAT (Bt m)	640	701	762	850	933
invested capital (Bt m)	1,992	2,006	2,086	2,050	2,003

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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