

MEB Corporation Pcl (MEB TB) - BUY, Price Bt20.20, TP Bt30.00**Results Comment**

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Decent 1Q25 earnings in line

- MEB posted 1Q25 normalized earnings of Bt113m, up 8% y-y but down 1% q-q. The results were in line with what we had expected. The earnings growth y-y was mainly because higher E-book revenue from a rise in monthly active user (MAU) and higher E-reader sales. The earnings fall q-q was due to a fall in E-book revenue due to lower revenue per MAU.
- As the book fair event this year was held on 27 March – 7 April 2025, we expect MEB's earnings in 2Q25F to be flat y-y and q-q.
- Given the trend of e-books gaining market share against physical books, 8% earnings CAGR in 2025-27F, 30%+ ROE, and net cash position, we maintain our BUY call on MEB.
- MEB's revenue grew 7% y-y in 1Q25 mainly driven by its monthly active user (MAU) growth by 7% y-y for the meb platform despite a fall in its revenue per MAU by 2% y-y. The revenue from sales of other products (6% of total sales) grew by 43% y-y mainly due to higher E-Reader sales.
- Despite the high variable costs by nature, its marketing promotions to stimulate sales caused its gross margin to slightly fall to 31% in 1Q25 vs. 32% in 1Q24. However, its SG&A expenses increased by 8% y-y in 1Q25 following its sales growth.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	522	540	543	564	560	Revenue	(1)	7	24	2,353	2,546
Gross profit	166	169	173	177	173	Gross profit	(2)	4	23	741	803
SG&A	37	40	40	47	40	SG&A	(15)	8	23	176	188
Operating profit	129	129	133	129	133	Operating profit	3	3	24	565	614
EBITDA	130	130	134	131	134	EBITDA	3	3	24	570	620
Other income	4	5	0	4	5	Other income	39	26	40	12	12
Other expense	0	0	0	0	0	Other expense					
Interest expense	0	0	0	0	0	Interest expense	(49)	(79)	3	0	0
Profit before tax	133	133	133	133	138	Profit before tax	4	4	24	577	626
Income tax	27	29	27	30	30	Income tax	(2)	10	26	115	125
Equity & invest. income	0	12	0	13	7	Equity & invest. income	(50)	na	26	25	25
Minority interests	(1)	(1)	(1)	(1)	(1)	Minority interests	na	na	na	(4)	(4)
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	105	116	105	115	113	Net profit	(1)	8	23	483	522
Normalized profit	105	116	105	115	113	Normalized profit	(1)	8	23	483	522
EPS (Bt)	0.35	0.39	0.35	0.38	0.38	EPS (Bt)	(1)	8	23	1.61	1.74
Normalized EPS (Bt)	0.35	0.39	0.35	0.38	0.38	Normalized EPS (Bt)	(1)	8	23	1.61	1.74

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(%)	1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	1,483	1,381	1,453	1,606	1,746	Sales grow th	14.8	15.3	14.7	8.7	7.2
A/C receivable	78	82	87	86	83	Operating profit grow th	21.0	14.8	15.4	0.6	3.2
Inventory	7	7	11	11	12	EBITDA grow th	21.0	14.8	15.3	0.7	3.3
Other current assets	15	12	14	17	24	Norm profit grow th	21.1	20.8	12.9	3.1	8.1
Investment	0	0	0	0	0	Norm EPS grow th	21.1	20.8	12.9	3.1	8.1
Fixed assets	2	2	2	2	2	Gross margin	31.8	31.3	31.8	31.3	30.9
Other assets	16	24	26	26	26	Operating margin	24.7	23.9	24.5	23.0	23.7
Total assets	1,601	1,507	1,593	1,749	1,892	EBITDA margin	24.9	24.1	24.7	23.2	24.0
S-T debt	0	0	0	0	0	Norm net margin	20.1	21.5	19.3	20.3	20.3
A/C payable	164	163	162	158	168	D/E (x)	-	-	-	-	-
Other current liabilities	137	119	97	136	169	Net D/E (x)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
L-T debt	0	0	0	0	0	Interest coverage (x)	na	na	na	na	na
Other liabilities	11	14	18	26	12	Interest rate	na	na	na	na	na
Minority interest	3	3	4	5	6	Effective tax rate	20.5	22.0	20.5	22.8	21.7
Shareholders' equity	1,287	1,208	1,313	1,424	1,537	ROA	27.4	29.8	27.0	27.4	24.9
Working capital	(79)	(74)	(64)	(61)	(73)	ROE	34.0	37.1	33.3	33.5	30.6
Total debt	0	0	0	0	0						
Net debt	(1,483)	(1,381)	(1,453)	(1,606)	(1,746)						

Sources: Company data, Thanachart estimates

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