

MK Restaurant Group Pcl (M TB) - SELL, Price Bt23.80, TP Bt15.60 | Results Comment

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Very weak 4Q25 missed

- Earnings of Bt103m fell by 71% y-y and 55% q-q. Earnings missed our expectations significantly, as M's additional revenue from the buffet business also faced tough competition, similar to its key à la carte hot pot business.
- Sales increased by 6% y-y and were flat q-q. The y-y growth came from about 1% same-store sales growth and 5% growth from store expansion after M opened a new buffet restaurant chain.
- Gross margin fell to 63.2% in 4Q25 from 67.0% in 4Q24 and 63.9% in 3Q25 due to the higher revenue mix of the lower-margin buffet business.
- SG&A increased by 11% y-y and 5% q-q, higher than the aforementioned sales performance. We suspect M's new buffet business has not yet been able to break even, while M also offered more promotions at its key MK restaurant, both of which resulted from intense competition in both the buffet and à la carte hot pot businesses.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	3,683	3,541	3,793	3,884	3,891	Revenue	0	6	101	15,109	15,356
Gross profit	2,466	2,353	2,474	2,482	2,457	Gross profit	(1)	(0)	97	9,766	10,289
SG&A	2,144	2,147	2,211	2,267	2,390	SG&A	5	11	102	9,015	9,106
Operating profit	322	206	263	214	68	Operating profit	(68)	(79)	64	751	1,183
EBITDA	804	669	721	658	541	EBITDA	(18)	(33)	82	2,590	3,441
Other income	141	92	91	80	74	Other income	(8)	(48)	74	336	471
Other expense	0	0	0	0	0	Other expense					
Interest expense	25	25	24	22	22	Interest expense	(1)	(11)	185	92	68
Profit before tax	439	273	330	272	120	Profit before tax	(56)	(73)	63	995	1,586
Income tax	85	41	57	46	20	Income tax	(57)	(77)	67	164	244
Equity & invest. income	8	2	2	0	2	Equity & invest. income	269	(78)	70	6	8
Minority interests	(8)	(1)	1	(0)	1	Minority interests	na	na	na	1	(20)
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	353	234	276	226	103	Net profit	(55)	(71)	63	838	1,330
Normalized profit	353	234	276	226	103	Normalized profit	(55)	(71)	63	838	1,330
EPS (Bt)	0.38	0.25	0.30	0.25	0.11	EPS (Bt)	(55)	(71)	63	0.91	1.44
Normalized EPS (Bt)	0.38	0.25	0.30	0.25	0.11	Normalized EPS (Bt)	(55)	(71)	63	0.91	1.44
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25		4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	6,449	6,608	6,347	6,102	6,469	Sales growth	(8.9)	(10.3)	(7.6)	5.5	5.6
A/C receivable	133	160	150	128	115	Operating profit growth	(41.8)	(40.0)	(36.2)	(30.0)	(79.0)
Inventory	368	337	434	553	555	EBITDA growth	(22.6)	(20.5)	(19.8)	(16.2)	(32.7)
Other current assets	132	96	119	120	165	Norm profit growth	(30.6)	(32.6)	(31.2)	(33.7)	(71.0)
Investment	873	874	896	896	914	Norm EPS growth	(30.6)	(32.6)	(31.2)	(33.7)	(71.0)
Fixed assets	4,409	4,355	4,307	4,379	4,698	Gross margin	67.0	66.5	65.2	63.9	63.2
Other assets	7,008	6,864	6,578	6,298	6,108	Operating margin	8.7	5.8	6.9	5.5	1.7
Total assets	19,372	19,295	18,831	18,475	19,024	EBITDA margin	21.8	18.9	19.0	16.9	13.9
S-T debt	24	26	29	31	31	Norm net margin	9.6	6.6	7.3	5.8	2.6
A/C payable	1,307	1,014	1,267	1,307	1,512	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	1,308	1,357	1,283	1,190	1,220	Net D/E (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
L-T debt	0	0	0	0	0	Interest coverage (x)	32.8	27.0	30.4	29.9	24.9
Other liabilities	2,933	2,863	2,847	2,766	2,979	Interest rate	401.4	393.7	346.4	294.7	281.0
Minority interest	371	372	371	371	370	Effective tax rate	19.4	14.9	17.4	16.9	16.6
Shareholders' equity	13,429	13,663	13,035	12,809	12,912	ROA	7.4	4.8	5.8	4.9	2.2
Working capital	(807)	(517)	(683)	(626)	(843)	ROE	10.6	6.9	8.3	7.0	3.2
Total debt	24	26	29	31	31						
Net debt	(6,425)	(6,582)	(6,318)	(6,070)	(6,439)						

Sources: Company data, Thanachart estimates

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