

MC GROUP Pcl (MC TB) - U.R., Price Bt12.10, TP Bt12.50**Results Comment**

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Weaker-than-expected 2QFY26

- MC posted 2QFY26 (Oct-Dec) net profit of Bt296m, falling by 3% y-y but increasing a sharp 142% q-q on seasonality factor. However, gross margin was a miss.
- Sales grew nicely by 12% y-y to Bt1.5bn boosted by online sales that soared by 83% y-y to Bt387m to 26% of total sales vs 16% in 2QFY25. Offline sales still fell but only by 2% y-y vs -9% in 1QFY26, backed by new stores and store enhancement program.
- Gross margin decreased by 270bp y-y to 62.2%. We estimate a 230bp y-y fall was from allowance for diminution of inventories and a 40bp y-y decline from sales promotions.
- SG&A/sales ratio was stable y-y at 37.5%.
- In 2QFY26, net store openings were five new free-standing shops to 431 branches, bringing total stores to 568 branches nationwide. The rest were 131 modern trade branches and six mobile units.
- 1HFY26 net profit was Bt419m, down 4% y-y, accounted for 37% of our FY26F forecast. We see earnings downside to our projection.
- Since there is only 3% share price upside to our TP, we put our recommendation under review (currently a BUY).

Income Statement (consolidated)						Income Statement 6M as					
Yr-end Jun (Bt m)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	1,336	1,067	907	901	1,492	Revenue	66	12	35	4,308	4,524
Gross profit	867	670	567	581	929	Gross profit	60	7	34	2,755	2,896
SG&A	500	445	385	431	559	SG&A	30	12	31	1,816	1,877
Operating profit	367	226	182	150	369	Operating profit	147	1	39	939	1,018
EBITDA	469	329	284	252	473	EBITDA	87	1	35	1,341	1,388
Other income	17	20	(4)	13	10	Other income	(17)	(39)	10	105	108
Other expense	0	0	0	0	0	Other expense			na		
Interest expense	9	10	10	10	10	Interest expense	5	15	32	32	28
Profit before tax	375	235	168	152	369	Profit before tax	143	(2)	37	1,012	1,098
Income tax	71	47	33	30	73	Income tax	145	3	36	202	220
Equity & invest. income	0	0	0	0	0	Equity & invest. income	750	21	na	0	0
Minority interests	(0)	(0)	(0)	(0)	0	Minority interests			na	0	0
Extraordinary items	0	0	0	0	0	Extraordinary items	na	na	na	0	0
Net profit	305	188	135	123	296	Net profit	142	(3)	37	809	879
Normalized profit	305	188	135	123	296	Normalized profit	142	(3)	37	809	879
EPS (Bt)	0.38	0.24	0.17	0.15	0.37	EPS (Bt)	142	(3)	37	1.02	1.11
Normalized EPS (Bt)	0.38	0.24	0.17	0.15	0.37	Normalized EPS (Bt)	142	(3)	37	1.02	1.11

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	(%)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Cash & ST investment	1,896	1,733	1,984	2,073	2,154	Sales growth	2.6	7.3	3.6	7.0	11.7
A/C receivable	332	254	207	228	289	Operating profit growth	5.8	10.3	10.5	24.6	0.6
Inventory	1,278	1,185	1,109	1,248	1,165	EBITDA growth	3.4	7.8	6.1	13.2	0.7
Other current assets	8	8	6	6	7	Norm profit growth	7.8	14.4	(0.5)	(7.6)	(2.7)
Investment	0	0	0	0	0	Norm EPS growth	7.8	14.4	(0.5)	(7.6)	(2.7)
Fixed assets	667	651	633	626	628						
Other assets	1,591	1,601	1,560	1,548	1,624	Gross margin	64.9	62.8	62.5	64.4	62.2
Total assets	5,772	5,431	5,500	5,729	5,867	Operating margin	27.5	21.2	20.1	16.6	24.7
S-T debt	0	0	0	0	0	EBITDA margin	35.1	30.8	31.3	28.0	31.7
A/C payable	442	421	354	434	536	Norm net margin	22.8	17.7	14.9	13.6	19.9
Other current liabilities	557	454	483	523	524						
L-T debt	0	0	0	0	0	D/E (x)	-	-	-	-	-
Other liabilities	915	950	945	927	996	Net D/E (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)
Minority interest	1	1	1	1	1	Interest coverage (x)	52	32	29	26	46
Shareholders' equity	3,858	3,605	3,717	3,843	3,812	Interest rate	na	na	na	na	na
Working capital	1,168	1,017	962	1,042	918	Effective tax rate	18.8	19.8	19.9	19.6	19.8
Total debt	0	0	0	0	0	ROA	21.0	13.5	9.9	8.7	20.5
Net debt	(1,896)	(1,733)	(1,984)	(2,073)	(2,154)	ROE	31.5	20.2	14.7	13.0	31.0

Sources: Company data, Thanachart estimates

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