

MEB Corporation Pcl (MEB TB) - BUY, Price Bt11.30, TP U.R.**Results Comment**

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Weak earnings, miss

- MEB posted 1Q26 normalized earnings of Bt102m, down 10% y-y but up 21% q-q, below our expectation. The y-y decline was due to continued weak consumption, reducing revenue per MAU, while the q-q growth was driven by seasonality and lower SG&A expenses.
- Besides the weaker-than-expected 1Q26 results, continued weak consumption could pose downside risk to our 2026F earnings forecast. We are therefore placing our earnings forecast and TP under review.
- Despite this, we maintain our BUY call on MEB. We still believe the long-term shift to e-books remains intact, while MEB offers high ROE of above 20%, a net cash position, and an attractive 8-9% dividend yield. The sharp share price decline also appears to have priced in the bad news, with the stock now trading at only 7-8x P/E.
- MEB's 1Q26 revenue fell 6% y-y. Although MAU grew 1% y-y, weak consumption drove revenue per MAU down 12% y-y.
- Despite high proportion of variable costs, its gross margin improved to 33% in 1Q26 from 31% in 1Q25, mainly due to the consolidation of Incognito Lab, a higher-margin cybersecurity provider.
- However, the consolidation also lifted SG&A expenses by 20% y-y in 1Q26.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	560	532	529	501	527	Revenue	5	(6)	23	2,246	2,378
Gross profit	173	166	179	150	173	Gross profit	15	0	24	707	761
SG&A	40	44	49	56	48	SG&A	(14)	20	24	199	208
Operating profit	133	122	130	94	125	Operating profit	33	(6)	25	509	553
EBITDA	134	124	132	103	130	EBITDA	27	(3)	25	524	568
Other income	5	5	3	4	5	Other income	25	1	30	16	16
Other expense	0	0	0	0	0	Other expense					
Interest expense	0	0	0	0	0	Interest expense	(17)	1,225	213	0	0
Profit before tax	138	126	133	98	130	Profit before tax	33	(6)	25	525	569
Income tax	30	27	28	21	26	Income tax	26	(13)	23	113	122
Equity & invest. income	7	7	5	4	4	Equity & invest. income	(12)	(44)	15	25	25
Minority interests	(1)	(2)	(8)	3	(5)	Minority interests	na	na	na	(8)	(8)
Extraordinary items	0	(3)	0	3	0	Extraordinary items	na	na	na	0	0
Net profit	113	101	102	87	102	Net profit	17	(10)	24	430	464
Normalized profit	113	104	102	84	102	Normalized profit	21	(10)	24	430	464
EPS (Bt)	0.38	0.34	0.34	0.29	0.34	EPS (Bt)	17	(10)	24	1.43	1.55
Normalized EPS (Bt)	0.38	0.35	0.34	0.28	0.34	Normalized EPS (Bt)	21	(10)	24	1.43	1.55

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(%)	1Q25	2Q25	3Q25	4Q25	1Q26
Cash & ST investment	1,746	1,346	1,414	1,551	1,658	Sales growth	7.2	(1.4)	(2.6)	(11.2)	(5.9)
A/C receivable	83	87	89	106	98	Operating profit growth	3.2	(5.5)	(2.3)	(27.6)	(6.1)
Inventory	12	11	8	13	12	EBITDA growth	3.3	(5.1)	(1.6)	(21.2)	(3.0)
Other current assets	24	46	61	21	42	Norm profit growth	8.1	(10.1)	(2.9)	(26.3)	(9.9)
Investment	0	0	0	0	0	Norm EPS growth	8.1	(10.1)	(2.9)	(26.3)	(9.9)
Fixed assets	2	12	11	14	14	Gross margin	30.9	31.1	33.9	29.9	32.9
Other assets	26	207	217	278	276	Operating margin	23.7	22.9	24.6	18.7	23.7
Total assets	1,892	1,709	1,799	1,984	2,100	EBITDA margin	24.0	23.2	25.0	20.6	24.7
S-T debt	0	0	0	0	0	Norm net margin	20.3	19.6	19.3	16.8	19.4
A/C payable	168	158	154	149	162	D/E (x)	-	-	-	-	-
Other current liabilities	169	174	159	200	197	Net D/E (x)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)
L-T debt	0	0	0	0	0	Interest coverage (x)	na	na	na	na	na
Other liabilities	12	35	35	58	57	Interest rate	na	na	na	na	na
Minority interest	6	33	41	79	84	Effective tax rate	21.7	21.5	21.3	21.3	20.2
Shareholders' equity	1,537	1,308	1,410	1,497	1,599	ROA	24.9	23.1	23.2	17.8	20.0
Working capital	(73)	(60)	(57)	(30)	(53)	ROE	30.6	29.3	29.9	23.2	26.4
Total debt	0	0	0	0	0						
Net debt	(1,746)	(1,346)	(1,414)	(1,551)	(1,658)						

Sources: Company data, ttb wealth estimates

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