MEB Corporation Pcl (MEB TB) - BUY, Price Bt12.90, TP U.R.

Results Comment

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Weaker-than-expected 2Q26 earnings

- MEB posted 2Q26 normalized earnings of Bt89m, down 14% y-y and 13% q-q, below our expectation. The y-y and q-q decline was due to continued weak consumption, reducing revenue per monthly active user (MAU).
- Besides the weaker-than-expected 1H26 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 7-8% dividend yield. The sharp share price decline also appears to have priced in the bad news, with the stock now trading at 9-10x PE.
- MEB's 2Q26 revenue declined 5% y-y, driven by a 1% y-y decline in MAU and an 8% y-y drop in revenue per MAU amid weak consumption.
- Despite high proportion of variable costs, its gross margin improved to 32% in 2Q26 from 31% in 2Q25, mainly due to the consolidation of Incognito Lab, a higher-margin cybersecurity provider.
- However, the consolidation also lifted SG&A expenses by 17% y-y in 2Q26.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	532	529	501	527	506
Gross profit	**166**	**179**	**150**	**173**	**161**
SG&A	44	49	56	48	51
Operating profit	122	130	94	125	110
EBITDA	**124**	**132**	**103**	**130**	**115**
Other income	5	3	4	5	6
Other expense	0	0	0	0	0
Interest expense	0	0	0	0	0
Profit before tax	**126**	**133**	**98**	**130**	**115**
Income tax	27	28	21	26	24
Equity & invest. income	7	5	4	4	3
Minority interests	(2)	(8)	3	(5)	(5)
Extraordinary items	(3)	0	3	0	0
Net profit	**101**	**102**	**87**	**102**	**89**
Normalized profit	**104**	**102**	**84**	**102**	**89**
EPS (Bt)	0.34	0.34	0.29	0.34	0.30
Normalized EPS (Bt)	0.35	0.34	0.28	0.34	0.30

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(4)	(5)	46	2,246	2,378
Gross profit	**(7)**	**(3)**	**47**	**707**	**761**
SG&A	6	17	50	199	208
Operating profit	(12)	(10)	46	509	553
EBITDA	**(11)**	**(7)**	**47**	**524**	**568**
Other income	12	17	64	16	16
Other expense					
Interest expense	(18)	27	387	0	0
Profit before tax	**(11)**	**(9)**	**47**	**525**	**569**
Income tax	(8)	(12)	44	113	122
Equity & invest. income	(16)	(54)	27	25	25
Minority interests	na	na	na	(8)	(8)
Extraordinary items	na	na	na	0	0
Net profit	**(13)**	**(12)**	**45**	**430**	**464**
Normalized profit	**(13)**	**(14)**	**45**	**430**	**464**
EPS (Bt)	(13)	(12)	45	1.43	1.55
Normalized EPS (Bt)	(13)	(14)	45	1.43	1.55

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	1,346	1,414	1,551	1,658	1,374
A/C receivable	87	89	106	98	91
Inventory	11	8	13	12	16
Other current assets	46	61	21	42	26
Investment	0	0	0	0	0
Fixed assets	12	11	14	14	14
Other assets	207	217	278	276	275
Total assets	**1,709**	**1,799**	**1,984**	**2,100**	**1,796**
S-T debt	0	0	0	0	0
A/C payable	158	154	149	162	140
Other current liabilities	174	159	200	197	152
L-T debt	0	0	0	0	0
Other liabilities	35	35	58	57	56
Minority interest	33	41	79	84	89
Shareholders' equity	**1,308**	**1,410**	**1,497**	**1,599**	**1,359**
Working capital	(60)	(57)	(30)	(53)	(33)
Total debt	0	0	0	0	0
Net debt	**(1,346)**	**(1,414)**	**(1,551)**	**(1,658)**	**(1,374)**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(1.4)	(2.6)	(11.2)	(5.9)	(5.0)
Operating profit growth	(5.5)	(2.3)	(27.6)	(6.1)	(9.8)
EBITDA growth	(5.1)	(1.6)	(21.2)	(3.0)	(6.6)
Norm profit growth	(10.1)	(2.9)	(26.3)	(9.9)	(14.3)
Norm EPS growth	(10.1)	(2.9)	(26.3)	(9.9)	(14.3)
Gross margin	31.1	33.9	29.9	32.9	31.9
Operating margin	22.9	24.6	18.7	23.7	21.7
EBITDA margin	23.2	25.0	20.6	24.7	22.8
Norm net margin	19.6	19.3	16.8	19.4	17.6
D/E (x)	-	-	-	-	-
Net D/E (x)	(1.0)	(1.0)	(1.0)	(1.0)	(0.9)
Interest coverage (x)	2,652.2	2,076.0	1,168.8	1,792.5	1,946.3
Interest rate	na	na	na	na	na
Effective tax rate	21.5	21.3	21.3	20.2	20.8
ROA	23.1	23.2	17.8	20.0	18.3
ROE	29.3	29.9	23.2	26.4	24.1

Sources: Company data, ttb wealth estimates

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