

MK RESTAURANT GROUP

M TB

THAILAND / FOOD & BEVERAGE

HOLD

UNCHANGED

คาดว่าจะมีพัฒนาการเพิ่มขึ้น

- เรากำลังจับตาดูพัฒนาการใหม่ ๆ ของ M ที่จะช่วยผลักดันการเติบโตในอนาคตหลังเปิดตัว MK Buffet ในประเทศไทยและเปิดแหลมเจริญเพิ่มอีก 3 สาขาในมาเลเซีย
- ในระยะสั้นเรคาดว่ากำไร 3Q24 ยังไม่ฟื้นตัว
- คงคำแนะนำถือจอนกว่าจะเห็นการฟื้นตัวที่ชัดเจนมากยิ่งขึ้น

TARGET PRICE	THB34.00
CLOSE	THB28.25
UP/DOWNSIDE	+20.4%
PRIOR TP	THB34.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.8%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	16,661	16,711	17,567	18,283
Net profit	1,682	1,549	1,664	1,775
EPS (THB)	1.83	1.68	1.81	1.93
vs Consensus (%)	-	(0.3)	1.3	9.8
EBITDA	4,072	3,928	4,068	4,201
Recurring net profit	1,682	1,549	1,664	1,775
Core EPS (THB)	1.83	1.68	1.81	1.93
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	16.9	(7.9)	7.4	6.7
Core P/E (x)	15.5	16.8	15.6	14.7
Dividend yield (%)	5.7	5.1	5.1	5.5
EV/EBITDA (x)	5.0	5.3	5.1	5.1
Price/book (x)	1.9	1.8	1.8	1.8
Net debt/Equity (%)	(41.3)	(38.3)	(36.7)	(33.3)
ROE (%)	12.3	11.1	11.7	12.2

ผลตอบรับ MK Buffet เป็นบวกแต่มีแค่ 1 สาขา

ผลตอบรับของ MK Buffet สาขาแรกที่ Central Westgate ก่อนข้างเป็นบวกโดยมีราคาที่ได้รับ ความนิยมอยู่ที่ 499 บาท/หัวคิดเป็น 80% ของลูกค้า แม้ว่าบุฟเฟ่ต์จะมีอัตรากำไรขั้นต้นอยู่ที่ ประมาณ 50% ต่ำกว่าค่าเฉลี่ยที่ 66-67% ของ M อัตรากำไรที่ต่ำกว่ายังเป็นระดับที่ยอมรับได้ จากรายได้ที่อยู่ในเกณฑ์ดีและไม่ได้แข่งขันกันเองกับสาขาที่ให้บริการตามสั่ง (A la carte) ที่อยู่ในศูนย์การค้าเดียวกัน M กำลังขยาย MK Buffet สาขาที่สองที่ Future Park Rangsit ซึ่งบริษัทยังมีสาขา MK อยู่แล้ว 2 สาขา อย่างไรก็ตามจากตัวเลขสาขาที่มีจำกัดอยู่ในปัจจุบันกิจการดังกล่าวจึง ยังไม่ได้สร้างผลกระทบอย่างมีนัยสำคัญให้แก่ผลประกอบการโดยรวม

ขยายแหลมเจริญในมาเลเซีย

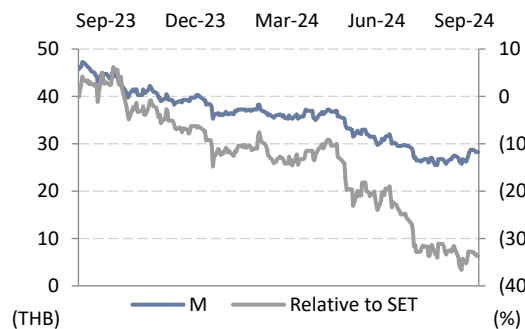
ในต้นต้นปี 2024 M ซื้อที่ดิน 131 ไร่บนถนนบางนา-ตราดรวมมูลค่า 1.7 พัน ลบ. ที่ดินผืนดังกล่าวปัจจุบันเป็นที่ตั้งของครัวกลางของ M ซึ่งก่อนหน้านี้เป็นการเช่า บริษัทฯ จะเพิ่มครัวกลางอีก 1 แห่งสำหรับแบรนด์แหลมเจริญในประเทศไทยและต่างประเทศซึ่งปัจจุบันมี 3 สาขาอยู่ในมาเลเซียภายใต้กิจการร่วมค้าชื่อ MK Restaurant Sdn Bhd ซึ่ง M ถือหุ้น 50% บริษัทฯ มีเป้าหมายเพิ่มจำนวนสาขาในมาเลเซียเป็น 4 และ 6 แห่งภายในปี 2024 และ 2025 ตามลำดับ นอกจากนี้ M ยังวางแผนเปิดตัวแบรนด์ร้านอาหารใหม่ใน 4Q24 เรากำลังจับตาดูพัฒนาการใหม่ที่จะช่วยผลักดันการเติบโตในอนาคตอย่างต่อเนื่อง

กำไรน่าจะไม่ฟื้นตัวในระยะสั้น

เรคาดว่ากำไรสุทธิ 3Q24 จะลดลงเหลือ 355 ลบ. (-11% q-q, -8.7% y-y) หลังยอดขายสาขาเดิมในไตรมาสที่ยังลดลง 13% y-y (-19% ในเดือน ก.ค. และ -8% ในเดือน ส.ค.) เทียบกับ -11% y-y ใน 2Q24 โดยได้รับผลกระทบจาก Low season พร้อมกับฝนและน้ำท่วมในหลายจังหวัด นอกจากนี้อำนาจในการซื้อของผู้บริโภคและการแข่งขันที่กำลังกดดันการเติบโตของยอดขายสาขาเดิม (SSSG) เรคาดว่ากำไร 4Q24 จะฟื้นตัว q-q อย่างไรก็ตามกำไรสุทธิอาจลดลง y-y จากรายได้ที่ลดลง ทั้งนี้ต้นทุนแรงงานคิดเป็น 30% ของรายได้โดยบริษัท มีพนักงานรายวันคิดเป็น 20-30% ของแรงงาน จากกรณีที่เราถ้าค่าแรงขั้นต่ำเพิ่มเป็น 400 บาท/วันโดยสมมติให้ปัจจัยอื่นคงที่ ประมาณการกำไรสุทธิปี 2025 ของเราจะลดลง 7%

คงคำแนะนำถือจอนกว่าจะเห็นการฟื้นตัวที่ชัดเจนมากยิ่งขึ้น

เราประมาณการกำไรสุทธิปี 2024 ของเรที่คาดว่าจะลดลง 8% y-y และคาดว่ากำไรสุทธิจะฟื้นตัว 7.4% y-y ในปี 2025 ณ วันที่ 13 ก.ย. M ได้ซื้อหุ้นคืน 9 ล้านหุ้น (0.98% ของหุ้นรวม) ที่ราคาเฉลี่ย 29 บาท/หุ้น เราแนะนำนักลงทุนให้ถือหุ้น M จากสถานะทางการเงินที่อยู่ในเกณฑ์ดี และพัฒนาการใหม่ ๆ ในขณะที่รอการฟื้นตัวที่ชัดเจนมากยิ่งขึ้นของธุรกิจในปัจจุบันและการเติบโตของกิจการใหม่



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.6	(6.6)	(38.3)
Relative to country (%)	(2.9)	(14.0)	(33.4)
Mkt cap (USD m)	773		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	36		
Major shareholder	Thirakomen Family (37%)		
12m high/low (THB)	47.50/25.25		
Issued shares (m)	920.88		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 16 กันยายน 2024

Investment thesis

M is a leading chain restaurant company in Thailand. It has several branches across the country, in Bangkok, its vicinity, and other provinces. M's strengths lie in its professional management, training centers, distribution centers, and central kitchens. It focuses on offering fresh and quality food to its customers and excellent services.

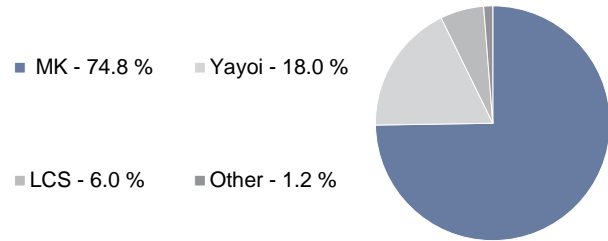
M is experiencing challenges, including post-Covid recovery, more intense competition from new players, and inflation. We expect 2024 net profit to decline by 8% y-y due to sluggish SSSG that has not yet recovered. In addition, M has entered the retail business by selling sauces at retail stores as of March 2024. Although we have not seen significant feedback yet, if successful, it would become an additional driver for profit growth.

Company profile

M opened its first Sukiyaki restaurant in Thailand in 1984 and Japan in 1994. At the end of 2023, it had 703 branches under several brands, led by MK (448), Yayoi (198), and several others, such as Miyazaki, Hakata, Na Siam, and Le Siam. In 2020, it invested in Laem Charoen, which had 39 branches in 2023.

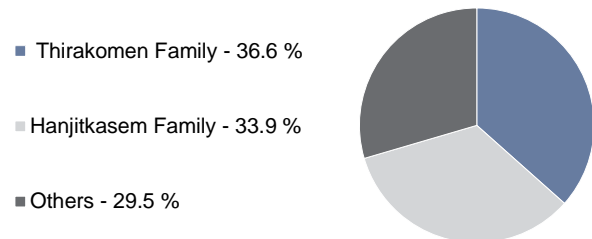
www.mkrestaurant.com

Principal activities (revenue, 2023)



Source: MK Restaurant Group

Major shareholders



Source: MK Restaurant Group

Catalysts

Potential catalysts for M's earnings growth in 2025 include 1) foot traffic growth and food price hikes; 2) tourism recovery, which would drive international customers; 3) lower raw material costs; and 4) new store expansions.

Risks to our call

Downside and upside risks to our TP include 1) a slower or faster-than-expected consumption recovery and more intense competition; 2) slower or faster-than-expected decreases in raw material costs; 3) a lower or higher-than-expected new store expansion; and 4) a minimum wage increase and labor shortages.

Event calendar

Date	Event
November 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
SSSG (%)	(2.0)	3.0	3.0
Total stores (no.)	722	737	752
Total revenue growth (%)	0.3	5.1	4.1
Gross margin (%)	67.0	67.1	67.2
SG&A to sale (%)	57.8	57.6	57.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 3%, and vice versa, all else being equal.

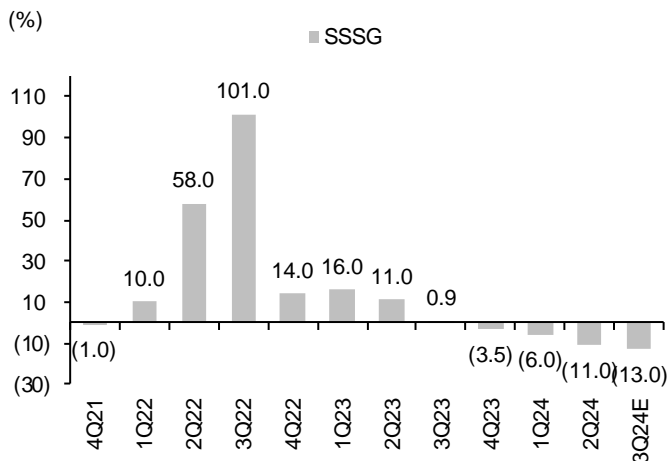
Source: FSSIA estimates

Exhibit 1: M – 3Q24 earnings preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	Change		2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	4,094	4,042	3,946	4,107	3,767	(8.3)	(8.0)	16,711	0.3	70.7
Cost of sales	1,365	1,336	1,279	1,346	1,239	(7.9)	(9.2)	5,515	(2.4)	70.1
Gross profit	2,730	2,706	2,667	2,761	2,528	(8.5)	(7.4)	11,196	1.7	71.1
SG&A	2,360	2,153	2,323	2,350	2,158	(8.1)	(8.5)	9,659	4.0	70.7
Operating profit	473	653	443	497	454	(8.6)	(3.9)	1,930	(7.7)	72.2
Profit sharing	(0.3)	2.3	(0.3)	0.0	0.0	nm	nm	(5.0)	nm	6.2
Interest expense	20	26	27	27	27	0.8	33.4	92	(3.5)	87.9
Tax expense	60	108	66	65	68	5.4	14.2	275	(1.8)	72.5
Reported net profit	389	509	347	401	355	(11.4)	(8.7)	1,549	(7.9)	71.1
Core profit	389	509	347	401	355	(11.4)	(8.7)	1,549	(7.9)	71.1
Key ratios (%)						(ppt)	(ppt)			
Gross margin	66.7	67.0	67.6	67.2	67.1	(0.4)	1.5	67.0	0.9	
SG&A to sales	57.6	53.3	58.9	57.2	57.3	(1.7)	1.6	57.8	2.1	
Operating margin	11.5	16.2	11.2	12.1	12.1	0.9	(0.1)	11.6	(1.0)	
Net margin	9.5	12.6	8.8	9.8	9.4	1.0	(0.6)	9.3	(0.8)	
Core margin	9.5	12.6	8.8	9.8	9.4	1.0	(0.6)	9.3	(0.8)	
Operating statistics										
SSSG (%)	0.9	(3.5)	(6.1)	(11.0)	(13.0)			(2.0)		
Total stores (no.)	698	703	706	702	708			703		
-MK Brand	448	448	448	446	450			448		
-Yayoi Brand	194	198	199	199	200			195		
-LCS Brand	36	39	41	39	40			34		
-Other Brand	20	18	18	18	18			21		

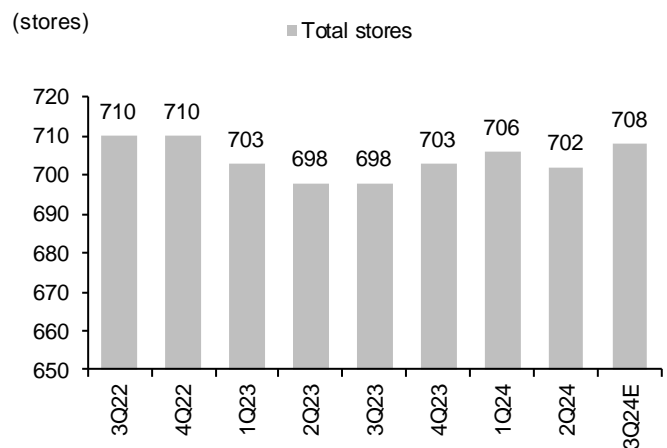
Sources: M, FSSIA estimates

Exhibit 2: Quarterly SSSG



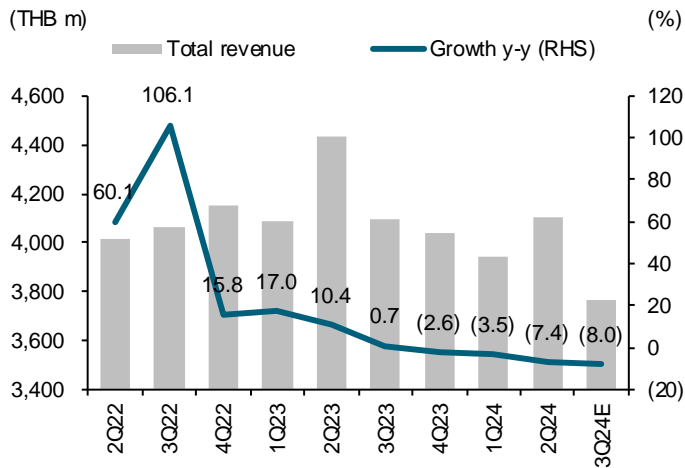
Sources: M, FSSIA estimates

Exhibit 3: Quarterly total stores



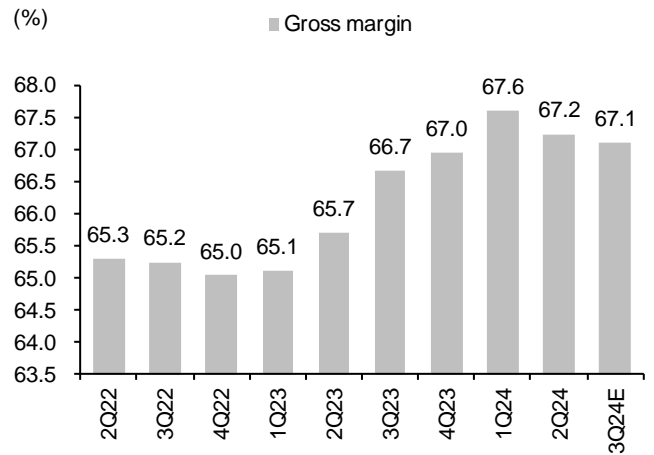
Sources: M, FSSIA estimates

Exhibit 4: Total revenue and growth



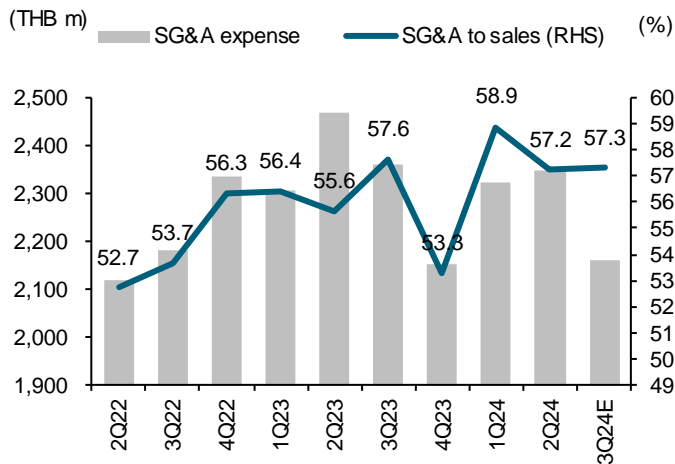
Sources: M, FSSIA estimates

Exhibit 5: Gross margin



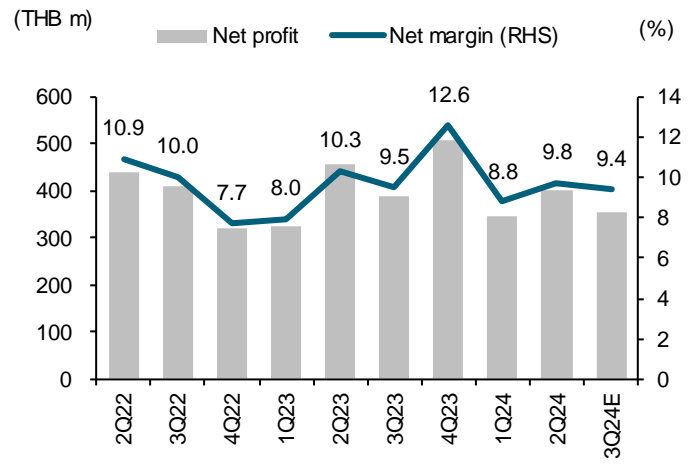
Sources: M, FSSIA estimates

Exhibit 6: SG&A to sales



Sources: M, FSSIA estimates

Exhibit 7: Net profit and net margin



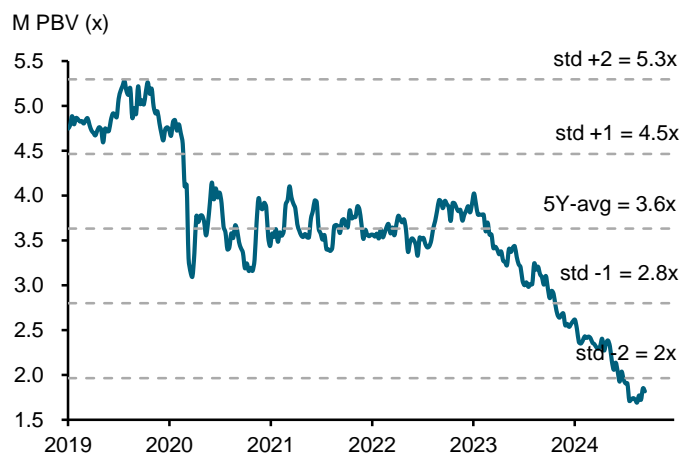
Sources: M, FSSIA estimates

Exhibit 8: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: MK Buffet



Source: M's Facebook

Exhibit 11: The first Laem Charoen at Pavilion in Malaysia



Source: Laem Charoen's Facebook

Exhibit 12: Laem Charoen at 1 Utama Shopping Center, Malaysia



Source: Laem Charoen's Facebook

Exhibit 13: Laem Charoen at Sunway Pyramid Outlet, Malaysia



Source: Laem Charoen's Facebook

Financial Statements

MK Restaurant Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	15,728	16,661	16,711	17,567	18,283
Cost of goods sold	(5,461)	(5,648)	(5,515)	(5,779)	(5,997)
Gross profit	10,267	11,013	11,196	11,787	12,286
Other operating income	249	365	393	386	402
Operating costs	(8,646)	(9,288)	(9,659)	(10,118)	(10,512)
Operating EBITDA	3,867	4,072	3,928	4,068	4,201
Depreciation	(1,997)	(1,980)	(1,998)	(2,013)	(2,025)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,870	2,091	1,930	2,055	2,176
Net financing costs	(87)	(95)	(92)	(92)	(93)
Associates	(29)	(9)	(5)	4	12
Recurring non-operating income	(29)	(9)	(5)	4	12
Non-recurring items	0	0	0	0	0
Profit before tax	1,755	1,987	1,833	1,966	2,095
Tax	(308)	(280)	(275)	(295)	(314)
Profit after tax	1,447	1,707	1,558	1,671	1,780
Minority interests	(8)	(25)	(9)	(7)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,439	1,682	1,549	1,664	1,775
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,439	1,682	1,549	1,664	1,775
Per share (THB)					
Recurring EPS *	1.56	1.83	1.68	1.81	1.93
Reported EPS	1.56	1.83	1.68	1.81	1.93
DPS	1.40	1.60	1.43	1.45	1.54
Diluted shares (used to calculate per share data)	921	921	921	921	921
Growth					
Revenue (%)	40.7	5.9	0.3	5.1	4.1
Operating EBITDA (%)	74.7	5.3	(3.5)	3.6	3.3
Operating EBIT (%)	816.8	11.8	(7.7)	6.5	5.9
Recurring EPS (%)	998.5	16.9	(7.9)	7.4	6.7
Reported EPS (%)	998.5	16.9	(7.9)	7.4	6.7
Operating performance					
Gross margin inc. depreciation (%)	65.3	66.1	67.0	67.1	67.2
Gross margin exc. depreciation (%)	78.0	78.0	79.0	78.6	78.3
Operating EBITDA margin (%)	24.6	24.4	23.5	23.2	23.0
Operating EBIT margin (%)	11.9	12.6	11.6	11.7	11.9
Net margin (%)	9.1	10.1	9.3	9.5	9.7
Effective tax rate (%)	17.5	14.1	15.0	15.0	15.0
Dividend payout on recurring profit (%)	89.6	87.6	85.0	80.0	80.0
Interest cover (X)	21.2	21.9	21.0	22.3	23.5
Inventory days	42.5	40.1	43.8	45.0	44.5
Debtor days	3.3	2.5	2.7	2.9	2.9
Creditor days	147.7	154.0	156.0	134.9	133.4
Operating ROIC (%)	230.6	450.4	274.0	187.7	187.6
ROIC (%)	16.1	17.9	16.0	16.2	16.2
ROE (%)	10.8	12.3	11.1	11.7	12.2
ROA (%)	7.7	8.9	8.0	8.5	8.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
MK	11,639	12,455	12,330	12,947	13,465
Yayoi	2,831	2,999	3,143	3,300	3,432
LCS	944	1,000	1,020	1,091	1,146
Other	315	207	218	229	240

Sources: MK Restaurant Group; FSSIA estimates

Financial Statements

MK Restaurant Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,439	1,682	1,549	1,664	1,775
Depreciation	1,997	1,980	1,998	2,013	2,025
Associates & minorities	37	37	6	2	(7)
Other non-cash items	0	0	0	0	0
Change in working capital	295	214	(297)	55	46
Cash flow from operations	3,768	3,914	3,256	3,734	3,840
Capex - maintenance	(1,653)	(1,982)	(2,289)	(2,600)	(2,900)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(691)	(449)	77	(35)	(20)
Cash flow from investing	(2,344)	(2,431)	(2,211)	(2,635)	(2,920)
Dividends paid	(1,197)	(1,270)	(1,317)	(1,332)	(1,420)
Equity finance	0	0	0	0	0
Debt finance	(187)	(10)	(99)	177	227
Other financing cash flows	51	(118)	(55)	51	43
Cash flow from financing	(1,333)	(1,397)	(1,471)	(1,103)	(1,150)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	91	85	(426)	(4)	(231)
Free cash flow to firm (FCFF)	1,510.24	1,577.48	1,136.67	1,191.64	1,012.26
Free cash flow to equity (FCFE)	1,287.71	1,355.18	891.12	1,327.63	1,189.26

Per share (THB)

FCFF per share	1.64	1.71	1.23	1.29	1.10
FCFE per share	1.40	1.47	0.97	1.44	1.29
Recurring cash flow per share	3.77	4.02	3.86	4.00	4.12

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	11,913	12,203	12,553	12,853	13,103
Less: Accumulated depreciation	(9,167)	(9,405)	(9,499)	(9,594)	(9,689)
Tangible fixed assets (net)	2,747	2,798	3,054	3,259	3,413
Intangible fixed assets (net)	5,533	5,434	5,480	5,862	6,582
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,366	2,840	2,840	2,840	2,840
Cash & equivalents	7,779	7,865	7,439	7,435	7,204
A/C receivable	121	110	137	144	150
Inventories	414	391	453	475	493
Other current assets	111	76	84	88	91
Current assets	8,426	8,441	8,113	8,142	7,938
Other assets	830	834	752	791	823
Total assets	19,901	20,347	20,239	20,893	21,596
Common equity	13,443	13,843	14,087	14,420	14,775
Minorities etc.	322	351	352	357	362
Total shareholders' equity	13,765	14,194	14,439	14,777	15,137
Long term debt	2,023	2,008	1,908	2,008	2,158
Other long-term liabilities	1,175	1,058	1,003	1,054	1,097
Long-term liabilities	3,198	3,065	2,911	3,062	3,255
A/C payable	1,449	1,646	1,360	1,425	1,479
Short term debt	0	0	0	0	0
Other current liabilities	1,489	1,441	1,529	1,629	1,726
Current liabilities	2,938	3,087	2,889	3,054	3,204
Total liabilities and shareholders' equity	19,901	20,347	20,239	20,893	21,596
Net working capital	(2,291)	(2,511)	(2,215)	(2,347)	(2,470)
Invested capital	9,184	9,395	9,911	10,404	11,188

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	14.60	15.03	15.30	15.66	16.04
Tangible book value per share	8.59	9.13	9.35	9.29	8.90

Financial strength

Net debt/equity (%)	(41.8)	(41.3)	(38.3)	(36.7)	(33.3)
Net debt/total assets (%)	(28.9)	(28.8)	(27.3)	(26.0)	(23.4)
Current ratio (x)	2.9	2.7	2.8	2.7	2.5
CF interest cover (x)	15.9	15.2	10.7	15.4	13.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	18.1	15.5	16.8	15.6	14.7
Recurring P/E @ target price (x) *	21.8	18.6	20.2	18.8	17.6
Reported P/E (x)	18.1	15.5	16.8	15.6	14.7
Dividend yield (%)	5.0	5.7	5.1	5.1	5.5
Price/book (x)	1.9	1.9	1.8	1.8	1.8
Price/tangible book (x)	3.3	3.1	3.0	3.0	3.2
EV/EBITDA (x) **	5.3	5.0	5.3	5.1	5.1
EV/EBITDA @ target price (x) **	6.7	6.3	6.7	6.4	6.3
EV/invested capital (x)	2.2	2.2	2.1	2.0	1.9

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: MK Restaurant Group; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.																			
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	<table border="1"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table> <p>The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.</p>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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MSCI	<p>MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.</p> <table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

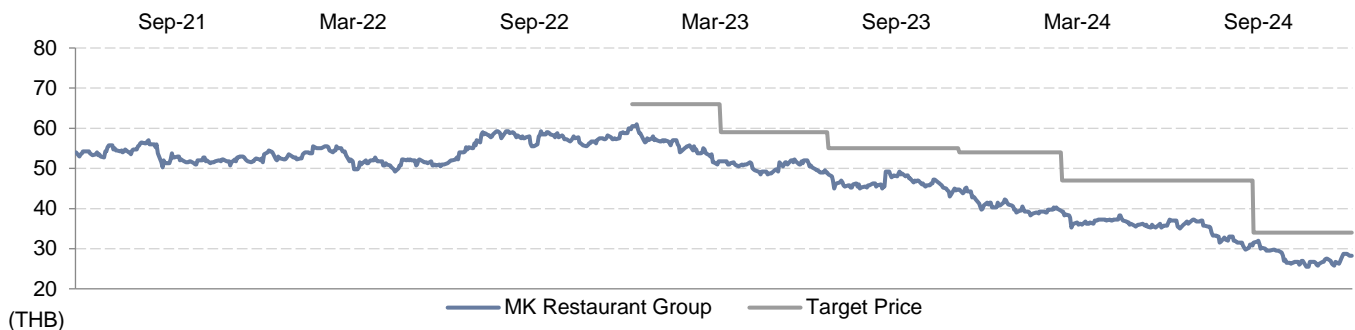
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History of change in investment rating and/or target price

MK Restaurant Group (M TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Jan-2023	BUY	66.00	22-Jun-2023	BUY	55.00	08-Jan-2024	BUY	47.00
22-Mar-2023	BUY	59.00	12-Oct-2023	BUY	54.00	20-Jun-2024	HOLD	34.00

Sureeporn Teewasuwet started covering this stock from 05-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
MK Restaurant Group	M TB	THB 28.25	HOLD	Downside and upside risks to our TP include 1) a slower or faster-than-expected consumption recovery and more intense competition; 2) slower or faster-than-expected decreases in raw material costs; 3) a lower or higher-than-expected new store expansion; and 4) a minimum wage increase and labor shortages.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 13-Sep-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.