

Growing healthy empire by “Wings”

- Newly launched “Joe Wings” fried chicken already proves success
- Strong cost control, superior investment, and shareholders’ returns are properly reflected in improving GPM, EBITDA margin, and NPM
- Maintain BUY and a TP of THB16.4

Concerns on current and new products are key

In the past two months there are concerns on OKJ’s operations that center on the new product of fried chicken “Joe Wings” brand and the demand slowdowns from Ohkhaju and Oh! Juice brands. We believe our 1Q25E net profit THB64m will likely be achieved and subsequent quarters are expected to see stronger net profit performance, thereby subjugating the market’s and investors’ concerns, in our view.

“Joe Wings” – QQQR fried chicken entices the market appetite

We believe “Joe Wings” (JW) brand for fried chicken under OKJ’s concept of “Better oil, Better Chicken, Better Way” will likely be successful to emerge as OKJ’s new growth engine in 2025 onwards. We define JW as QQQR, standing for Quality over Quick over Quantity Service Restaurant. Unlike most other fried chicken QSR, we think JW serves higher quality product of “no chemical chicken, low, good fat canola oil, and favorable sauce and side dishes”, which are in line with OKJ’s core value propositions of “Healthy, Tasty, and Variety”.

Three margins as key indicators for OKJ’s F&B business

We think there are three key financial metrics that reflect OKJ’s performance. First, gross profit margin (GPM) will exhibit how good OKJ could control its costs for raw materials, selling prices, and investment (depreciation). Second, EBITDA margin will show how effective OKJ would generate cash flows to reach operational breakeven (positive EBITDA) and investment breakeven (positive NPV). Third, net profit margin (NPM) would showcase how good OKJ could create profitability from its investments.

Strong cash flows on short breakeven periods on F&B outlets

In 2025E-27E we estimate that OKJ would deliver 1) GPM in the range of 45-46% on effective cost control on raw materials; 2) EBITDA margin of 20%-23% on average 8-month for Oh! Juice and 2 to 3-year for Ohkhaju to reach their NPV breakeven levels; and 3) NPM of 9.0%-11.0% on overall operational success in its growth strategies.

Maintain BUY but cut TP to THB16.4

We believe OKJ’s share price would gradually increase in the next 12 months towards our TP of THB16.4, which would reflect 2025E 30x, 2026E 24.9x, and 2027E 18.5x P/E on its visibly stronger net profit trajectory of 38.8% CAGR in 2024-27E. OKJ’s growth strategies to solidify current and expand new “brands, markets, and products” will strategically deliver sustained net profit and cash flow growths and profitability to create superior shareholders’ returns.

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

ESG Rating : n.a.

CG Rating : n.a.

BUY

Target Price 12M (THB)	16.40
VS. BB Consensus TP (%)	+23.2%
Share Price (THB)	8.90
Upside/Downside	+84.3%

Share Data

Market Cap (THB m)	5,420.10
Par (THB)	0.50
Free Float (%)	29.72
Issued shares (m shares)	609

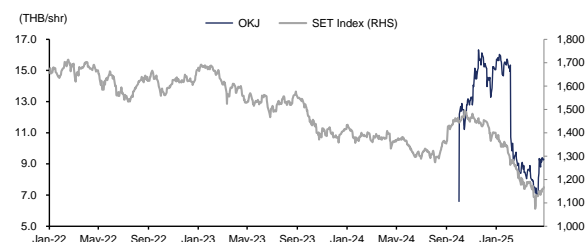
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	2,444	3,342	4,185	5,044
Net profit	202	332	401	539
Core net profit	224	332	401	539
vs Consensus (%)		15.3	11.0	17.2
Net profit growth (%)	43.4	64.7	20.6	34.7
Core net profit growth (%)	59.4	48.2	20.6	34.7
EPS (THB)	0.33	0.55	0.66	0.89
Core EPS (THB)	0.37	0.55	0.66	0.89
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.16	0.22	0.26	0.35
P/E (x)	46.20	16.32	13.53	10.05
P/BV (x)	5.36	2.75	2.42	2.07
ROE (%)	19.4	17.9	19.0	22.2
Dividend yield (%)	1.05	2.45	2.96	3.98

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	14.20	(41.82)	(29.39)	(39.54)
Market	15.77	(32.48)	(11.52)	(26.99)
12M High/Low (THB)				17.00 / 6.70



Major Shareholders (%) as of 20 Feb 2025

Mr. Chalakon Eakchaipatanakul	22.06
Modulus Venture Company Limited	20.00
Mr. Jirayuth Puwapoonpol	15.34

Company Profile

A business operator providing services and healthy cuisine including food, beverages, and other products.

Source: SETSMART, SET

Exhibit 1: Net profit breakdown by business unit



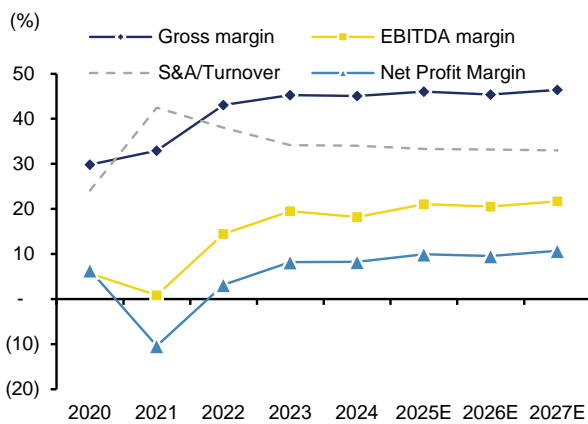
Sources: Brandbuffet

Exhibit 2: Net profit upside breakdown by business (%)



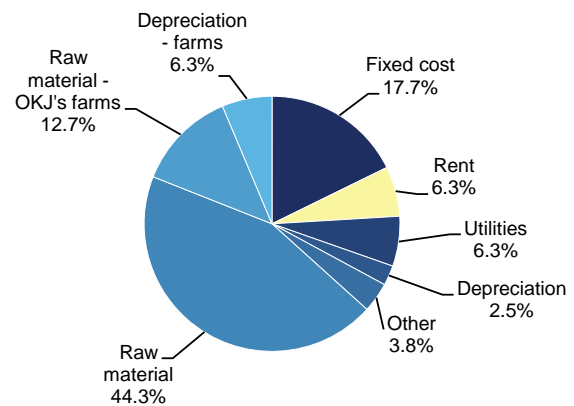
Sources: Brandbuffet

Exhibit 3: GPM, EBITDA margin, NPM, SG&A to sales



Sources: OKJ; Globlex Research

Exhibit 4: Cost structure



Sources: OKJ

Exhibit 5: Value propositions and competitiveness metrics

Core value proposition	Healthy	Tasty	Variety	Comment
Ohkajhu	✓	✓	✓	Ohkajhu originates from OKJ's philosophy of healthy food for mom
Oh! Juice	✓	✓	✓	Oh! Juice proffers healthy and tasty smoothy drinks with unique products
Joe Wings	✓	✓	✓	Redefine fried chicken as healthy food away from junk food perception
Competitiveness	GPM	EBITDAM	NPM	Comment
Cost control (revenue and cost)	✓			Raw material management
Investment efficiency (cash flow)		✓		Short breakeven periods for large capex for branches/outlets
Shareholders' value creation (profit and cash management)			✓	Overall efficiencies in operation and capital management

Sources: OKJ; Globlex Research

Balance sheet (THB m)						Profit & loss (THB m)						
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E	
Current assets						Revenue						
Cash & ST investment	194	1,199	1,141	1,066	1,041		1,717	2,444	3,342	4,185	5,044	
Account receivable	9	14	21	29	39		(939)	(1,343)	(1,804)	(2,285)	(2,704)	
Inventories	78	135	181	230	272		777	1,101	1,538	1,900	2,340	
Others	36	64	88	110	133		Operating expenses	(586)	(831)	(1,113)	(1,389)	(1,664)
Non-current assets							Operating profit	191	270	425	511	676
Net fixed assets	710	842	1,229	1,666	2,153		EBIT	191	270	425	511	676
Others	322	437	437	437	437		Depreciation	143	176	278	348	420
Total Assets	1,350	2,691	3,096	3,537	4,074		EBITDA	334	445	703	859	1,095
Current liabilities						Non-operating income						
Account payable	227	352	473	600	709		Other incomes	0	0	0	0	0
ST borrowing	76	59	59	59	59		Other non-op income	0	0	0	0	0
Others	123	136	186	233	281		Non-operating expense	(19)	(21)	(10)	(10)	(10)
Long-term liabilities							Interest expense	(19)	(21)	(10)	(10)	(10)
Long-term debts	103	81	81	81	81		Other non-op expense	0	0	0	0	0
Others	243	323	323	323	323		Equity income/(loss)	0	0	0	0	0
Total liabilities	772	952	1,123	1,296	1,453		Pre-tax Profit	173	249	415	501	666
Paid-up capital	225	305	305	305	305		Extraordinary items					
Retained earnings	185	308	543	811	1,190		Current taxation	(32)	(47)	(83)	(100)	(127)
Others	168	1,126	1,126	1,126	1,126		Minorities	0	0	0	0	0
Minority interest	0	0	0	0	0		Net Profit	141	202	332	401	539
Shareholders' equity	578	1,739	1,974	2,241	2,621		Core net profit	141	224	332	401	539
Key ratios						Cash flow (THB m)						
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E	
Growth (%YoY)						Operating cash flow						
Sales	41.3	42.4	36.7	25.2	20.5		Net profit	141	202	332	401	539
Operating profit	216.0	40.8	57.7	20.1	32.4		Depre.& amortization	143	176	278	348	420
EBITDA	708.9	33.2	57.8	22.1	27.6		Change in working capital	127	48	94	94	83
Net profit	267.1	43.4	64.7	20.6	34.7		Others	(72)	(102)	(170)	(204)	(257)
Core net profit	267.1	59.4	48.2	20.6	34.7		Investment cash flow	(16)	(205)	30	49	127
EPS	267.1	6.0	64.7	20.6	34.7		Net CAPEX	(231)	(308)	(10)	(9)	(8)
Core EPS	267.1	17.8	48.2	20.6	34.7		Change in LT investment	216	103	40	58	135
Profitability (%)							Change in other assets					
Gross margin	45.3	45.0	46.0	45.4	46.4		Free cash flow	323	119	564	688	912
Operation margin	11.2	11.0	12.7	12.2	13.4		Financing cash flow	(183)	886	(622)	(763)	(937)
EBITDA margin	19.5	18.2	21.0	20.5	21.7		Change in share capital	0	1,003	0	0	0
Net margin	8.2	8.3	9.9	9.6	10.7		Net change in debt	0	0	0	0	0
ROE	27.5	19.4	17.9	19.0	22.2		Dividend paid	(79)	(97)	(97)	(133)	(160)
ROA	12.0	11.1	11.5	12.1	14.2		Others	(105)	(20)	(525)	(630)	(777)
Stability							Net cash flow	140	1,005	(58)	(75)	(25)
Interest bearing debt/equity (x)	0.3	0.1	0.1	0.1	0.1		Per share (THB)					
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.		EPS	0.31	0.33	0.55	0.66	0.89
Interest coverage (x)	10.3	12.9	43.3	52.0	68.9		Core EPS	0.31	0.37	0.55	0.66	0.89
Interest & ST debt coverage (x)	2.0	3.4	6.2	7.4	9.8		CFPS	(0.00)	0.06	0.09	0.09	0.20
Cash flow interest coverage (x)	0.4	0.3	0.5	0.5	0.5		BVPS	1.28	3.86	3.24	3.68	4.30
Current ratio (x)	0.7	2.6	2.0	1.6	1.4		Sales/share	3.82	5.43	5.49	6.87	8.28
Quick ratio (x)	0.5	2.2	1.6	1.2	1.0		EBITDA/share	0.74	0.99	1.15	1.41	1.80
Net debt (THB m)	(15)	(1,059)	(1,001)	(926)	(901)		DPS	0.18	0.16	0.22	0.26	0.35
Activity						Valuation						
Asset turnover (X)	0.8	0.8	0.9	1.1	2.5		P/E (x)	n/a	46.2	16.3	13.5	10.0
Days receivables	2.0	2.1	2.2	2.5	2.8		P/BV (x)	n/a	5.36	2.75	2.42	2.07
Days inventory	30.2	36.7	36.7	36.7	36.7		Dividend yield (%)	n/a	1.05	2.45	2.96	3.98
Days payable	88.3	95.8	95.8	95.8	95.8		Dividend payout ratio (%)	56.03	48.31	40.00	40.00	40.00
Cash cycle days	(56)	(57)	(57)	(57)	(56)							

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Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

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

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.