

Revamping strategy for profitability

- Poor 2Q25E NP, followed by sequentially improving NP
- Revamping strategies to structurally strengthen business model
- Maintain BUY but cut TP to THB10.4

Revamping strategy for recovery and sustainability

We turned negative on OKJ's 2025 net profit outlook given its net profit plunge at a faster-than-expected rate due to the impacts of demand weakness/higher competition to manifest its high operating leverage. Yet we are more positive on 2026-27 outlook on its strategy revamps.

2Q25E net profit to drop sharply due to high operating leverage

We project 2Q25 net profit of THB27m, down 68% q-q and 66% y-y. The key culprits will be the sharp plunge in the revenue from OKJ's full service Ohkaku restaurant, which has 43 branches nationwide and has a high fixed cost structure from rent, kitchen staff, service staff, and utilities. Several OKJ's sit-in restaurants are also located in central Bangkok area where the demands drop more than other locations due to lower tourists, higher competition, and weakening purchasing power.

Revamping strategy to re-invent growth roadmap

Judging by OKJ's recent activities – promotions, new products launched, collaborations with “Phed Phed” - we think OKJ is now under its major strategy overhaul aimed at re-inventing its business strategy which may embrace 1) expanding customer segments to a more affordable group (smaller size, new products, promotion); 2) initiate new products (sugar cane juice, mangosteen smoothie); 3) better leverage franchise strength (collaboration with Phed Phed); and 4) more proactive in marketing strategy to enhance sales (more frequent promotions, more variety of promotions). All these strategies will have one goal – to boost revenue higher in order to reduce the impact of high operating leverage (high fixed cost) suffered in 2Q25.

Expansion in brands and empowering “branding” are key

We believe 2Q25 net profit will be OKJ's bottom quarter that will follow by a staggeringly improving net profits trajectory in the next 1-2 years, backed by its currently revamped strategies, brand expansion plan, and branch expansion plan in response to the worse-than-expected deteriorating demands and fiercer industry competition. Once revenue is boosted, cost is contained, and new brands are pursued profitably, we think OKJ will be able to return to its strong growth again by 2026.

Patience will likely reward handsomely

We maintain BUY but cut our TP from THB16.4, down to THB10.4, based on 25x 2026E P/E, to incorporate 1) our cuts in EPS forecasts by 30%-45% in 2025E-27E on lower margins and weaker SSSG, mostly due to the impact of high operating leverage; 2) a valuation rollover to 2026E. We remain confident that OKJ's strategy revamps should begin to materialize and enhance OKJ's profitability, starting with improving margins, higher revenue, and stronger brand positions.

Analyst

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ESG Rating : n.a.

CG Rating : n.a.

BUY

Target Price 12M (THB)	10.40
VS. BB Consensus TP (%)	-0.7%
Share Price (THB)	6.80
Upside/Downside	+52.9%

Share Data

Market Cap (THB m)	4,141.20
Par (THB)	0.50
Free Float (%)	29.72
Issued shares (m shares)	609

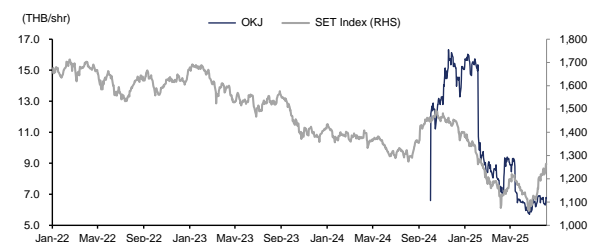
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	2,444	2,241	2,617	2,703
Net profit	202	150	252	267
Core net profit	224	150	252	267
vs Consensus (%)		(46.4)	(27.5)	(33.3)
Net profit growth (%)	43.4	(25.8)	68.6	5.6
Core net profit growth (%)	59.4	(33.2)	68.6	5.6
EPS (THB)	0.33	0.25	0.41	0.44
Core EPS (THB)	0.37	0.25	0.41	0.44
Chg from previous (%)		(54.93)	(36.98)	(50.58)
DPS (THB)	0.16	0.10	0.17	0.18
P/E (x)	46.20	27.66	16.40	15.54
P/BV (x)	5.36	2.31	2.09	1.93
ROE (%)	19.4	8.5	13.4	12.9
Dividend yield (%)	1.05	1.45	2.44	2.57

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	5.43	(19.53)	(56.41)	(55.56)
(Market)	(6.62)	(24.40)	(56.49)	(50.78)
12M High/Low (THB)				17.00 / 5.60



Major Shareholders (%) as of 20 Feb 2025

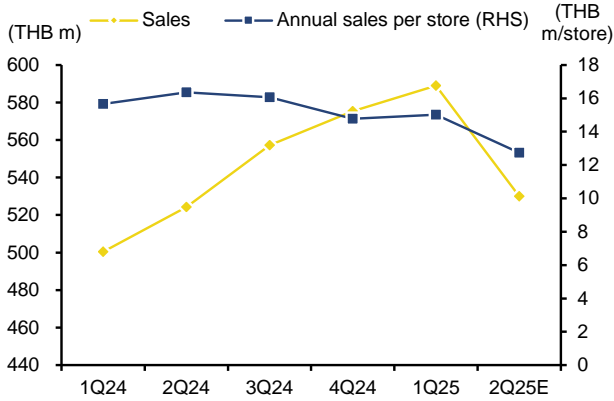
Mr. Chalakon Eakchaipatanakul	22.06
Modulus Venture Company Limited	20.00
Mr. Jirayuth Puwagoonpol	15.34

Company Profile

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

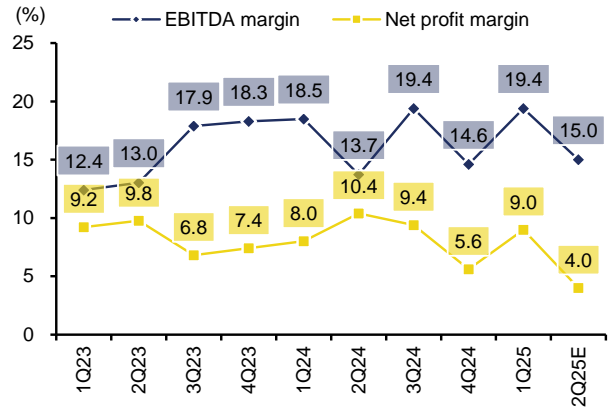
Source: SETSMART, SET

Exhibit 1: Revenue vs Sales per store



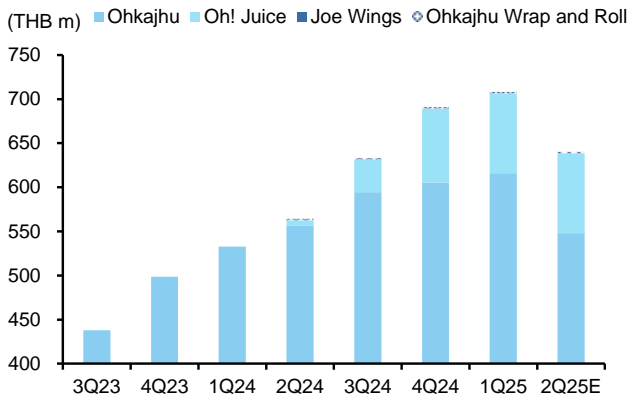
Sources: OKJ; Globlex Research

Exhibit 2: EBITDA margin vs Net profit margin



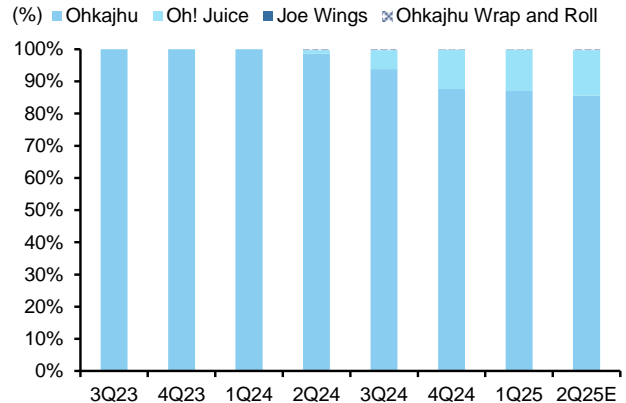
Sources: OKJ; Globlex Research

Exhibit 3: Revenue breakdown by segment



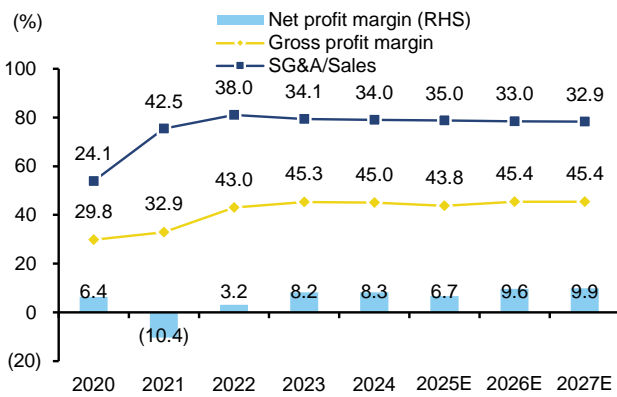
Sources: OKJ; Globlex Research

Exhibit 4: Revenue breakdown by segment (%)



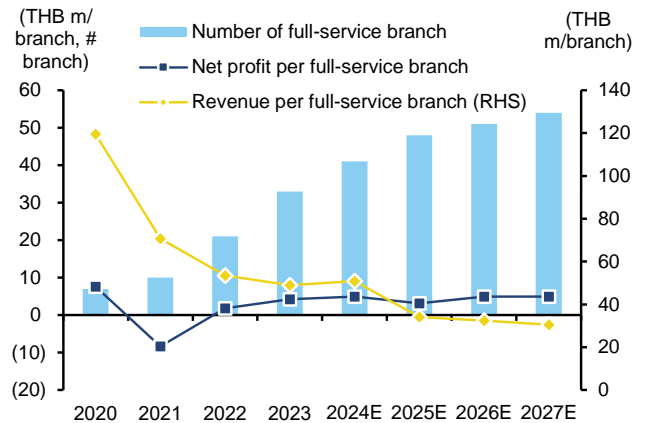
Sources: OKJ; Globlex Research

Exhibit 5: Net profit margin, gross profit margin, SG&A to sales



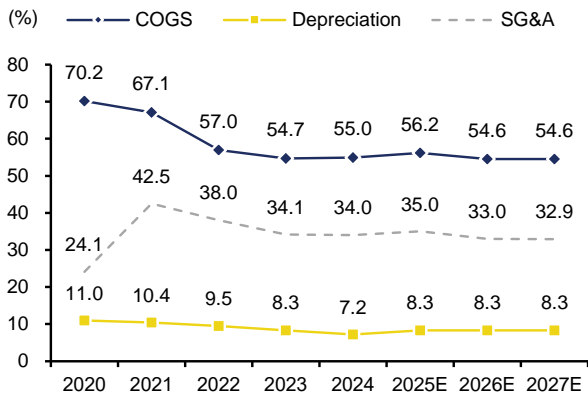
Sources: OKJ; Globlex Research

Exhibit 6: Number of full-service branch, net profit per full-service branch, Revenue per full-service branch



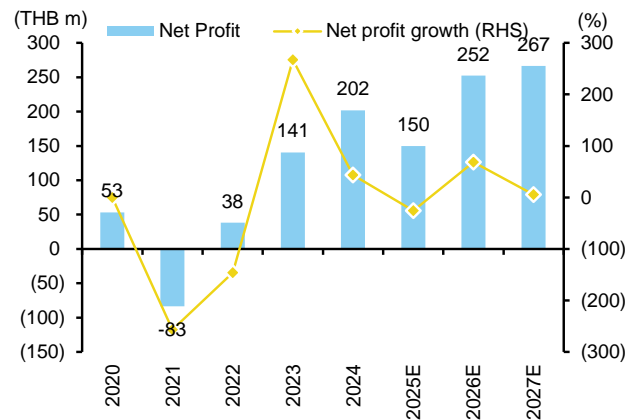
Sources: OKJ; Globlex Research

Exhibit 7: COGS, depreciation, and SG&A to sales



Sources: OKJ; Globlex Research

Exhibit 8: Net profit vs net profit growth



Sources: OKJ; Globlex Research

Exhibit 9: Key changes in assumptions

(THB m)	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	2,241	2,617	2,703	3,118	4,260	4,759	(28.1)	(38.6)	(43.2)
Gross profit	981	1,189	1,228	1,397	1,878	2,100	(29.7)	(36.7)	(41.5)
Operating profit	197	325	339	355	460	520	(44.6)	(29.2)	(34.8)
Net profit	150	252	267	276	360	413	(45.8)	(29.9)	(35.5)
EPS (THB/share)	0.25	0.41	0.44	0.45	0.59	0.68	(45.8)	(29.9)	(35.5)
Key assumptions									
Gross profit margin (%)	43.8	45.4	45.4	44.8	44.1	44.1	(1.0)	1.3	1.3
Net profit margin (%)	6.7	9.6	9.9	8.9	8.4	8.7	(2.2)	1.2	1.2

Sources: OKJ; Globlex Research

Exhibit 10: TP valuation

Perspective P/E (x)	EPS (THB/share)		
	2025E	2026E	2027E
	0.25	0.41	0.44
20	4.9	8.3	8.8
21	5.2	8.7	9.2
22	5.4	9.1	9.6
23	5.7	9.5	10.1
24	5.9	9.9	10.5
25	6.1	10.4	10.9
26	6.4	10.8	11.4
27	6.6	11.2	11.8
28	6.9	11.6	12.3
29	7.1	12.0	12.7

Sources: Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	194	1,199	840	629	312
Account receivable	9	14	18	23	29
Inventories	78	135	127	144	148
Others	36	64	59	69	71
Non-current assets					
Net fixed assets	710	842	1,229	1,666	2,153
Others	322	437	437	437	437
Total Assets	1,350	2,691	2,710	2,968	3,150

Current liabilities					
Account payable	227	352	331	375	387
ST borrowing	76	59	59	59	59
Others	123	136	125	146	150
Long-term liabilities					
Long-term debts	103	81	81	81	81
Others	243	323	323	323	323
Total liabilities	772	952	919	984	1,001
Shareholders' equity					
Paid-up capital	225	305	305	305	305
Retained earnings	185	308	361	553	719
Others	168	1,126	1,126	1,126	1,126
Minority interest	0	0	0	0	0
Total Assets	1,350	2,691	2,710	2,968	3,150

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	41.3	42.4	(8.3)	16.8	3.3
Operating profit	216.0	40.8	(26.9)	65.2	4.1
EBITDA	708.9	33.2	(13.9)	41.7	3.8
Net profit	267.1	43.4	(25.8)	68.6	5.6
Core net profit	267.1	59.4	(33.2)	68.6	5.6
EPS	267.1	6.0	(25.8)	68.6	5.6
Core EPS	267.1	17.8	(33.2)	68.6	5.6
Profitability (%)					
Gross margin	45.3	45.0	43.8	45.4	45.4
Operation margin	11.2	11.0	8.8	12.4	12.5
EBITDA margin	19.5	18.2	17.1	20.7	20.9
Net margin	8.2	8.3	6.7	9.6	9.9
ROE	27.5	19.4	8.5	13.4	12.9
ROA	12.0	11.1	5.5	8.9	8.7
Stability					
Interest bearing debt/equity (x)	0.3	0.1	0.1	0.1	0.1
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	10.3	12.9	20.1	33.2	34.5
Interest & ST debt coverage (x)	2.0	3.4	2.9	4.7	4.9
Cash flow interest coverage (x)	0.4	0.3	0.3	0.4	0.4
Current ratio (x)	0.7	2.6	2.0	1.5	0.9
Quick ratio (x)	0.5	2.2	1.7	1.1	0.6
Net debt (THB m)	(15)	(1,059)	(700)	(489)	(172)
Activity					
Asset turnover (X)	0.8	0.9	0.8	0.9	1.7
Days receivables	2.0	2.1	3.0	3.3	3.9
Days inventory	30.2	36.7	36.7	36.7	36.7
Days payable	88.3	95.8	95.8	95.8	95.8
Cash cycle days	(56)	(57)	(56)	(56)	(55)

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	1,717	2,444	2,241	2,617	2,703
Cost of goods sold	(939)	(1,343)	(1,260)	(1,428)	(1,475)
Gross profit	777	1,101	981	1,189	1,228
Operating expenses	(586)	(831)	(784)	(864)	(889)
Operating profit	191	270	197	325	339
EBIT	191	270	197	325	339
Depreciation	143	176	186	218	225
EBITDA	334	445	383	543	564
Non-operating income					
Other incomes	0	0	0	0	0
Other non-op income	0	0	0	0	0
Non-operating expense	(19)	(21)	(10)	(10)	(10)
Interest expense	(19)	(21)	(10)	(10)	(10)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	173	249	187	316	329
Extraordinary items					
Current taxation	(32)	(47)	(37)	(63)	(63)
Minorities	0	0	0	0	0
Net Profit	141	202	150	252	267
Core net profit	141	224	150	252	267
EPS (THB)	0.31	0.33	0.25	0.41	0.44
Core EPS (THB)	0.31	0.37	0.25	0.41	0.44

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	141	202	150	252	267
Depre. & amortization	143	176	186	218	225
Change in working capital	127	48	(24)	33	5
Others	(72)	(102)	(79)	(130)	(129)
Investment cash flow	(16)	(205)	(271)	(160)	(224)
Net CAPEX	(231)	(308)	(10)	(9)	(8)
Change in LT investment	216	103	(261)	(151)	(216)
Change in other assets					
Free cash flow	323	119	(38)	213	143
Financing cash flow					
Change in share capital	0	1,003	0	0	0
Net change in debt	0	0	0	0	0
Dividend paid	(79)	(97)	(97)	(60)	(101)
Others	(105)	(20)	(224)	(364)	(359)
Net cash flow	140	1,005	(359)	(211)	(317)
Per share (THB)					
EPS	0.31	0.33	0.25	0.41	0.44
Core EPS	0.31	0.37	0.25	0.41	0.44
CFPS	(0.00)	0.06	(0.06)	0.06	0.07
BVPS	1.28	3.86	2.94	3.26	3.53
Sales/share	3.82	5.43	3.68	4.30	4.44
EBITDA/share	0.74	0.99	0.63	0.89	0.93
DPS	0.18	0.16	0.10	0.17	0.18
Valuation					
P/E (x)	n/a	46.2	27.7	16.4	15.5
P/BV (x)	n/a	5.36	2.31	2.09	1.93
Dividend yield (%)	n/a	1.05	1.45	2.44	2.57
Dividend payout ratio (%)	56.03	48.31	40.00	40.00	40.00

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Analyst Certification

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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.