EQUITY RESEARCH - COMPANY REPORT

17 MAY 2021

THAILAND / TOURISM & LEISURE

THE ERAWAN GROUP ERW TB

BUY

UNCHANGED

TARGET PRICE	THB3.60
CLOSE	THB2.98
UP/DOWNSIDE	+20.8%
PRIOR TP	THB5.30
CHANGE IN TP	-32.1%
TP vs CONSENSUS	+25.4%

ขาดทุนใน 1Q21 ตามคาด

ผลขาดทุนจากการดำเนินงานใน 1Q21 สูงกว่าใน 4Q20

ERW รายงานผลขาดทุนจากการดำเนินงานใน 1Q21 โดยอยู่ที่ 492 ลบ. (เทียบกับที่เคยขาดทุน 381 ลบ. ใน 4Q20) ตามที่เราคาด แม้ว่ากำไรจะมีแนวโน้มได้รับแรงกดดันจากการแพร่ระบาด Covid ในรอบที่ 3 เราคิดว่าการดำเนินงานควรฟื้นตัวในช่วง 2H21 และ ERW ควรเป็นหนึ่งในผู้ได้รับประโยชน์มากเป็นลำดับแรก ๆ ในกลุ่มโรงแรม เนื่องจากรายได้ทั้งหมดมาจากธุรกิจโรงแรม

Hop Inn ยังมี EBITDA เป็นบวกต่อเนื่องใน 1Q21

ใน 1Q21 รายได้จากธุรกิจโรงแรมลดลง 69% y-y เนื่องจาก RevPAR ของโรงแรมที่ไม่รวม Hop Inn ลดลง 84% y-y พร้อมอัตราการเข้าพักที่เพียง 17% สำหรับ Hop Inn ในประเทศไทย RevPAR ลดลง 27% y-y พร้อมอัตราการเข้าพักที่ 48% อัตราการเข้าพักของ Hop Inn ยังฟื้นตัวต่อเนื่อง m-m จากเดือน ก.พ. - มี.ค. มาอยู่ที่ประมาณ 50-60% Hop Inn ในฟิลิปปินส์รายงานอัตราการเข้าพักที่ 39% ซึ่งค่อนข้างสูงเนื่องจากมีเพียงความต้องการจากกลุ่มนักธุรกิจและกลุ่มที่ทำงานในทะเล ในขณะที่นักเดินทางยังไม่ได้รับอนุญาต ให้ท่องเที่ยว ต้นทุนขายลดลง 47% y-y ในขณะที่ค่าใช้จ่ายการขายและการบริหารลดลง 39% y-y ทำให้ EBITDA ยังติดลบที่ 133 ลบ. ในด้านดีทั้ง Hop Inn ในประเทศไทยและฟิลิปปินส์ให้ EBITDA ที่เป็นบวกใน 1Q21

เพิ่มทุนเพื่อเสริมบัญชีงบดุลให้ดีขึ้น

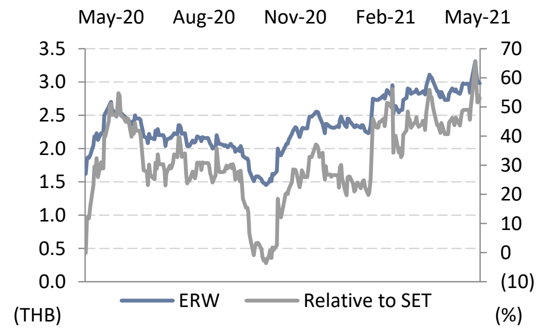
เราคาดว่าการดำเนินงานจะแย่ลงใน 2Q21 จากการแพร่ระบาด Covid ในรอบที่ 3 ในประเทศไทย อัตราการเข้าพักของ Hop Inn ในประเทศไทยค่อย ๆ ปรับตัวลดลงเหลือประมาณ 20% ในเดือน พ.ค. (จาก 48% ใน 1Q21) ในขณะที่ตัวเลขของโรงแรมที่ไม่รวม Hop Inn ลดลงเหลือประมาณ 10% ในเดือน พ.ค. (จาก 17% ใน 1Q21) เราคาดว่าการดำเนินงานของ ERW จะดีขึ้นจากแผนการเปิดพรมแดน ซึ่งจะเริ่มที่ภูเก็ต (7% ของรายได้ธุรกิจโรงแรมในปี 2019) ใน 3Q21 และอีก 6 จังหวัดที่เป็นแหล่งท่องเที่ยว (26% ของรายได้ธุรกิจโรงแรมในปี 2019) ใน 4Q21 บัญชีงบดุลของ ERW ควรดีขึ้นเนื่องจากบริษัทฯ จะได้รับเงิน 2พัน ลบ. จากการเพิ่มทุนโดยขายหุ้นเพิ่มให้แก่ผู้ถือหุ้นเดิม (RO) ในเดือน มิ.ย. เราคาดว่าการเพิ่มทุนดังกล่าวจะทำให้อัตราส่วนหนี้สินต่อทุนลดลงจาก 3.8x ใน 1Q21 เหลือ 2.6x ในสิ้นปี 2021 ทั้งนี้ 40% ของเจ้าหนี้ได้ยกเว้นการทดสอบ debt covenant ซึ่งกำหนดสัดส่วนหนี้สินต่อทุนไว้ที่น้อยกว่า 2.5x ไปแล้วในปี 2021

ปรับลดประมาณการกำไรปี 2021-22 คงแนะนำซื้อ

เราปรับลดประมาณการตัวเลขนักท่องเที่ยวของไทยจาก 5 ล้านในปี 2021 และ 31 ล้านในปี 2022 เหลือ 1 และ 22 ล้านตามลำดับเพื่อสะท้อนการเปิดพรมแดนที่ช้ากว่าคาด ซึ่งทำให้เราปรับเพิ่มผลขาดทุนจากการดำเนินงานในปี 2021 เป็น 1.5พัน ลบ. จาก 0.9พัน ลบ. และปรับลดประมาณการกำไรจากการดำเนินงานในปี 2022 เหลือ 7 ลบ. จาก 42 ลบ. ในขณะที่ประมาณการปี 2023 ยังคงเดิม นอกจากนี้เรายังรวมเงินสดที่ได้จาก RO (2พัน ลบ.) และการออกใบสำคัญแสดงสิทธิ (1พัน ลบ.) ไว้ในประมาณการของเรา ซึ่งทำให้ได้ราคาเป้าหมายที่ 3.6 บาทต่อหุ้น (DCF)

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	2,306	2,154	4,765	6,511
Net profit	(1,715)	(1,457)	7	375
EPS (THB)	(0.68)	(0.32)	0.00	0.08
vs Consensus (%)	-	nm	nm	(14.0)
EBITDA	(201)	22	1,563	2,168
Core net profit	(1,623)	(1,457)	7	375
Core EPS (THB)	(0.64)	(0.32)	0.00	0.08
Chg. In EPS est. (%)	nm	nm	(90.5)	(44.2)
EPS growth (%)	nm	nm	nm	5,072.3
Core P/E (x)	(4.7)	(9.3)	1,860.2	36.0
Dividend yield (%)	-	-	0.0	1.1
EV/EBITDA (x)	(111.7)	1,256.7	17.2	12.2
Price/book (x)	2.0	3.1	3.1	2.8
Net debt/Equity (%)	377.8	299.8	295.9	263.1
ROE (%)	(33.9)	(35.6)	0.2	8.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.0	8.5	72.0
Relative to country (%)	8.9	6.1	42.1

Mkt cap (USD m)	366
3m avg. daily turnover (USD m)	3.1
Free float (%)	62
Major shareholder	Mr. Surakarn Wattanavekin (14%)
12m high/low (THB)	3.44/1.44
Issued shares (m)	4,531.56

Sources: Bloomberg consensus; FSSIA estimates

Teerapol Udomvej, CFA
teerapol.udo@fssia.com
+66 2611 3535

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 17 พฤษภาคม 2021

Investment thesis

ERW is an asset-heavy business, as all of its hotels are owned hotels and it has no asset-light model. Thus, it should be one of the stocks that benefits the most from the recovery of international tourist numbers.

ERW announced that it is raising capital through an RO and warrants. This would strengthen its balance sheet and potentially bring its D/E down to below its debt covenant of 2.5x.

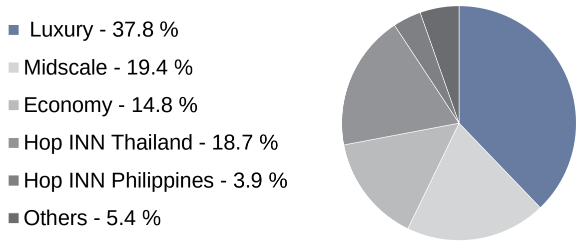
ERW plans to use the proceeds from the capital increase to expand its Hop Inn portfolio to 115 hotels (100 in Thailand, 15 in the Philippines) by 2025 from 51 hotels currently (46 in Thailand, 5 in the Philippines). Hop Inn is ERW's flagship budget hotel brand focusing on domestic travellers, and has resilient performance.

Company profile

ERW is a hotel operator and developer with a focus on Thailand and ASEAN.

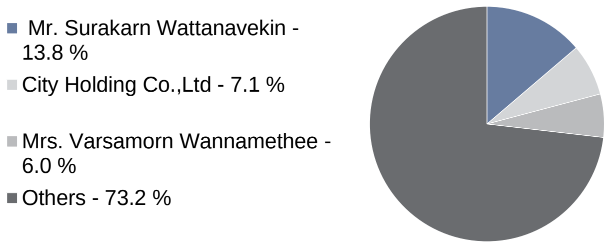
www.theerawan.com

Principal activities (revenue, 2020)



Source: The Erawan Group

Major shareholders



Source: The Erawan Group

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) the rollout of Covid-19 vaccines; and 3) the recovery of domestic business activities.

Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
August 2021	2Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Number of hotels (no.)	75	85	94
Number of rooms (no.)	10,250	11,387	12,240
All hotels excl. Hop Inn			
Occupancy rate (OCC %)	26	55	71
RevPAR growth (y-y %)	1	154	43
Thailand Hop Inn			
Occupancy rate (OCC %)	53	70	71
RevPAR growth (y-y %)	(5)	36	4

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in OCC, we project a 2021 loss reduction of 14%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2021 loss reduction of 3%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 1Q21 results review

	1Q20 (THB m)	2Q20 (THB m)	3Q20 (THB m)	4Q20 (THB m)	1Q21	---------- Change -------- (q-q %)	(y-y %)	2021E (THB m)
Sales	1,211	79	427	589	378	*(36)*	*(69)*	2,154
- Thailand excl. Hop Inn	987	0	255	405	231	*(43)*	*(77)*	
- Hop Inn Thailand	123	0	128	137	96	*(30)*	*(22)*	
- Hop Inn Phil	51	0	15	23	27	*17*	*(47)*	
- Rental	50	0	29	24	23	*(4)*	*(53)*	
COGS (Incl. depreciation)	(853)	(406)	(600)	(618)	(558)	*(10)*	*(35)*	(2,353)
Gross Profit	**358**	**(327)**	**(173)**	**(29)**	**(180)**	***522***	***(150)***	**(199)**
SG&A	(343)	(190)	(267)	(243)	(208)	*(15)*	*(39)*	(862)
Operating Profit	**15**	**(516)**	**(440)**	**(272)**	**(388)**	***43***	***(2,632)***	**(1,061)**
Other income	12	5	10	15	12	*(19)*	*6*	63
Interest	(139)	(135)	(120)	(143)	(138)	*(3)*	*(1)*	(559)
Pretax profit	**(112)**	**(646)**	**(549)**	**(400)**	**(514)**	***29***	***360***	**(1,557)**
Income Tax	1	8	11	20	(2)	*(112)*	*(385)*	70
Associates	3	(11)	3	(14)	3	*(124)*	*(1)*	0
Minority interest	5	24	21	13	21	*65*	*301*	30
Core profit	**(103)**	**(625)**	**(514)**	**(381)**	**(492)**	***29***	***380***	**(1,457)**
Extraordinaries, GW & FX				(92)	0			
Reported net profit	**(103)**	**(625)**	**(514)**	**(474)**	**(492)**	***4***	***380***	**(1,457)**
Shares out (end Q, m)	2,518	2,518	2,518	2,518	2,519	*0*	*0*	4,532
Core EPS	**(0.04)**	**(0.25)**	**(0.20)**	**(0.15)**	**(0.20)**	***29***	***380***	**(0.32)**
EPS	**(0.04)**	**(0.25)**	**(0.20)**	**(0.19)**	**(0.20)**	***4***	***380***	**(0.32)**
COGS (Excl. depreciation)	(589)	(143)	(342)	(390)	(315)	*(19)*	*(47)*	(1,271)
Depreciation	(263)	(263)	(258)	(228)	(243)	*7*	*(8)*	(1,083)
EBITDA	291	(249)	(171)	(29)	(133)	*354*	*(146)*	84
Key ratios	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	***(ppt)***	***(ppt)***	**(%)**
Gross margin (%)	30	(411)	(40)	(5)	(48)	*(43)*	*(77)*	(9)
SG&A/Revenue (%)	28	239	62	41	55	*14*	*27*	40
EBITDA margin (%)	24	(295)	(39)	(5)	(34)	*(29)*	*(58)*	4
Net profit margin (%)	(8)	(787)	(120)	(80)	(130)	*(50)*	*(122)*	(68)
Operating stats								
Hotels Excl. Hop Inn								
OCC (%)	57	1	14	25	17			
OCC growth (y-y %)	(29)	(74)	(60)	(53)	(40)			
RevPAR (THB)	1,369	136	202	359	214			
RevPAR growth (y-y %)	(44)	(92)	(89)	(83)	(84)			
Thailand Hop Inn								
OCC (%)	67	23	67	69	48			
OCC growth (y-y %)	(6)	(51)	(4)	(5)	(19)			
RevPAR (THB)	401	13	407	430	294			
RevPAR growth (y-y %)	(9)	(97)	(5)	(8)	(27)			
Philippines Hop Inn								
OCC (%)	65	0	27	33	39			
OCC growth (y-y %)	(10)	(80)	(56)	(55)	(26)			
RevPAR (THB)	650	0	242	283	313			
RevPAR growth (y-y %)	0	(100)	(5)	(12)	(19)			

Sources: ERW; FSSIA estimates

Exhibit 2: Forecast revisions

	------------------- Current ------------------			----------------- Previous -----------------			---------------- *Change (%)* ---------------		
	2021E	2022E	2023E	2021E	2022E	2023E	*2021E*	*2022E*	*2023E*
All hotels excl. Hop Inn - OCC (%)	26.0	55.0	71.0	40.0	68.0	73.0	*(14.0)*	*(13.0)*	*(2.0)*
All hotels excl. Hop Inn - RevPAR (THB)	488	1,239	1,778	751	1,532	1,828	*(35.0)*	*(19.1)*	*(2.7)*
Thailand Hop Inn - OCC (%)	53.0	70.0	71.0	68.0	70.0	73.0	*(15.0)*	*0.0*	*(2.0)*
Thailand Hop Inn - RevPAR (THB)	328	446	466	421	446	479	*(22.1)*	*0.0*	*(2.7)*
Revenue (THB b)	2.2	4.8	6.5	3.0	5.6	6.7	*(28.7)*	*(14.3)*	*(3.2)*
EBITDA margin (%)	1.0	32.8	33.3	21.0	31.5	32.0	*(20.0)*	*1.3*	*1.3*
Core earnings (THB m)	(1,457)	7	375	(921)	42	374	*58*	*(82.9)*	*0.4*

Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 3: DCF valuation

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk-free rate	3.0		Pre-tax cost of debt	3.5
Market risk premium	8.0		Marginal tax rate	20.0
Stock beta	1.2			
Cost of equity, Ke	12.6		Net cost of debt, Kd	3.2
Weight applied	55.0		Weight applied	45.0
WACC	8.2			
DCF valuation estimate	**(THB b)**	**(THB/share)**	**Comments**	
NPV	9.5	1.9	WACC 8.2%, risk-free rate 3%, risk premium 8%	
Terminal value	17.8	3.6	Terminal growth 2.5%	
Cash & liquid assets	1.2	0.2	At end-2022E	
Investments	0.0	0.0	At end-2022E	
Debt	(11.0)	(2.2)	At end-2022E	
Minorities	(0.1)	(0.0)	At end-2022E	
Residual ordinary equity	**17.5**	**3.6**		

Source: FSSIA estimates

Financial Statements

The Erawan Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	6,379	2,306	2,154	4,765	6,511
Cost of goods sold	(2,891)	(1,465)	(1,271)	(1,930)	(2,624)
Gross profit	**3,488**	**841**	**883**	**2,835**	**3,887**
Other operating income	-	-	-	-	-
Operating costs	(1,642)	(1,043)	(862)	(1,272)	(1,719)
Operating EBITDA	**1,846**	**(201)**	**22**	**1,563**	**2,168**
Depreciation	(830)	(1,012)	(1,083)	(1,121)	(1,188)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**1,017**	**(1,213)**	**(1,061)**	**442**	**980**
Net financing costs	(384)	(526)	(531)	(490)	(478)
Associates	0	(18)	0	0	0
Recurring non-operating income	42	14	35	37	39
Non-recurring items	(18)	(92)	0	0	0
Profit before tax	**657**	**(1,818)**	**(1,557)**	**(11)**	**541**
Tax	(155)	39	70	30	(108)
Profit after tax	**503**	**(1,778)**	**(1,487)**	**19**	**433**
Minority interests	(57)	63	30	(11)	(57)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**446**	**(1,715)**	**(1,457)**	**7**	**375**
Non-recurring items & goodwill (net)	**18**	**92**	**0**	**0**	**0**
Recurring net profit	**464**	**(1,623)**	**(1,457)**	**7**	**375**
Per share (THB)					
Recurring EPS *	0.18	(0.64)	(0.32)	0.00	0.08
Reported EPS	0.18	(0.68)	(0.32)	0.00	0.08
DPS	0.07	0.00	0.00	0.00	0.03
Diluted shares (used to calculate per share data)	2,538	2,538	4,532	4,532	4,532
Growth					
Revenue (%)	2.0	(63.9)	(6.6)	121.2	36.6
Operating EBITDA (%)	(0.1)	nm	nm	7,156.1	38.7
Operating EBIT (%)	(5.2)	nm	nm	nm	122.0
Recurring EPS (%)	(13.3)	nm	nm	nm	5,072.3
Reported EPS (%)	(17.2)	nm	nm	nm	5,072.3
Operating performance					
Gross margin inc. depreciation (%)	41.7	(7.4)	(9.3)	36.0	41.5
Gross margin of key business (%)	41.7	(7.4)	(9.3)	36.0	41.5
Operating EBITDA margin (%)	28.9	(8.7)	1.0	32.8	33.3
Operating EBIT margin (%)	15.9	(52.6)	(49.3)	9.3	15.1
Net margin (%)	7.3	(70.4)	(67.7)	0.2	5.8
Effective tax rate (%)	22.9	2.3	21.0	15.0	20.0
Dividend payout on recurring profit (%)	38.3	-	-	40.0	40.0
Interest cover (X)	2.8	(2.3)	(1.9)	1.0	2.1
Inventory days	6.8	12.3	12.4	9.5	10.0
Debtor days	11.2	20.7	13.0	5.9	4.3
Creditor days	29.0	47.2	38.8	29.9	31.3
Operating ROIC (%)	5.9	(7.5)	(4.7)	2.1	4.5
ROIC (%)	5.4	(6.9)	(4.4)	2.2	4.5
ROE (%)	8.2	(33.9)	(35.6)	0.2	8.2
ROA (%)	4.7	(6.1)	(5.2)	2.1	4.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Luxury	2,790	872	754	1,954	2,691
Midscale	1,604	447	380	970	1,374
Economy	1,035	342	275	702	996
Hop INN Thailand	479	431	433	642	773

Sources: The Erawan Group; FSSIA estimates

Financial Statements

The Erawan Group

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	464	(1,623)	(1,457)	7	375
Depreciation	830	1,012	1,083	1,121	1,188
Associates & minorities	-	-	-	-	-
Other non-cash items	(18)	939	(30)	11	57
Change in working capital	79	(572)	(29)	318	230
Cash flow from operations	**1,354**	**(244)**	**(434)**	**1,458**	**1,850**
Capex - maintenance	(1,746)	(5,291)	(217)	(1,300)	(1,300)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	13	32	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(1,733)**	**(5,259)**	**(217)**	**(1,300)**	**(1,300)**
Dividends paid	(226)	(176)	0	0	(3)
Equity finance	48	0	2,014	0	0
Debt finance	558	6,302	(1,000)	(1,000)	(500)
Other financing cash flows	(84)	31	31	(10)	(56)
Cash flow from financing	**297**	**6,156**	**1,045**	**(1,010)**	**(559)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(82)**	**654**	**394**	**(852)**	**(8)**
Free cash flow to firm (FCFF)	22.46	(4,966.55)	(92.38)	681.55	1,047.96
Free cash flow to equity (FCFE)	95.72	829.91	(1,620.00)	(852.50)	**(5.58)**
Per share (THB)					
FCFF per share	0.00	(1.10)	(0.02)	0.15	0.23
FCFE per share	0.02	0.18	(0.36)	(0.19)	0.00
Recurring cash flow per share	0.51	0.13	(0.09)	0.25	0.36

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	21,830	26,684	27,384	28,684	29,984
Less: Accumulated depreciation	(7,388)	(8,446)	(9,528)	(10,650)	(11,838)
Tangible fixed assets (net)	**14,442**	**18,239**	**17,856**	**18,035**	**18,147**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	80	48	48	48	48
Cash & equivalents	969	1,623	2,017	1,164	1,156
A/C receivable	185	77	77	77	77
Inventories	52	46	40	61	83
Other current assets	250	217	203	448	612
Current assets	**1,456**	**1,962**	**2,336**	**1,750**	**1,927**
Other assets	1,855	483	483	483	483
Total assets	**17,834**	**20,732**	**20,723**	**20,316**	**20,605**
Common equity	5,762	3,813	4,369	4,377	4,749
Minorities etc.	179	116	117	118	119
Total shareholders' equity	**5,941**	**3,929**	**4,486**	**4,495**	**4,869**
Long term debt	9,304	15,055	14,055	13,555	13,555
Other long-term liabilities	407	218	218	218	218
Long-term liabilities	**9,710**	**15,273**	**14,273**	**13,773**	**13,773**
A/C payable	234	145	126	191	259
Short term debt	860	1,410	1,410	910	410
Other current liabilities	1,088	458	428	947	1,294
Current liabilities	**2,183**	**2,013**	**1,964**	**2,048**	**1,963**
Total liabilities and shareholders' equity	**17,834**	**21,215**	**20,723**	**20,316**	**20,605**
Net working capital	(835)	(263)	(234)	(552)	(782)
Invested capital	15,543	18,507	18,153	18,014	17,896
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.29	1.51	0.96	0.97	1.05
Tangible book value per share	2.29	1.51	0.96	0.97	1.05
Financial strength					
Net debt/equity (%)	154.8	377.8	299.8	295.9	263.1
Net debt/total assets (%)	51.6	71.6	64.9	65.5	62.2
Current ratio (x)	0.7	1.0	1.2	0.9	1.0
CF interest cover (x)	1.2	2.6	(2.0)	(0.7)	1.0

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	**16.3**	**(4.7)**	**(9.3)**	**1,860.2**	**36.0**
Recurring P/E @ target price (x) *	**19.7**	**(5.6)**	**(11.2)**	**2,247.2**	**43.4**
Reported P/E (x)	16.8	(4.4)	(9.3)	1,860.2	36.0
Dividend yield (%)	2.3	-	-	0.0	1.1
Price/book (x)	1.3	2.0	3.1	3.1	2.8
Price/tangible book (x)	1.3	2.0	3.1	3.1	2.8
EV/EBITDA (x) **	9.1	(111.7)	1,256.7	17.2	12.2
EV/EBITDA @ target price (x) **	10.0	(119.4)	1,387.2	19.0	13.5
EV/invested capital (x)	1.1	1.2	1.5	1.5	1.5

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

Sources: The Erawan Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL

AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL

2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAH	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL

7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TPIPP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description	Score Range
Excellent	90-100
Very Good	80-89
Good	70-79

Disclaimer:
The disclosure of the survey results of the Thai Institute of Directors Association ('IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.
The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.
* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIIK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:
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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

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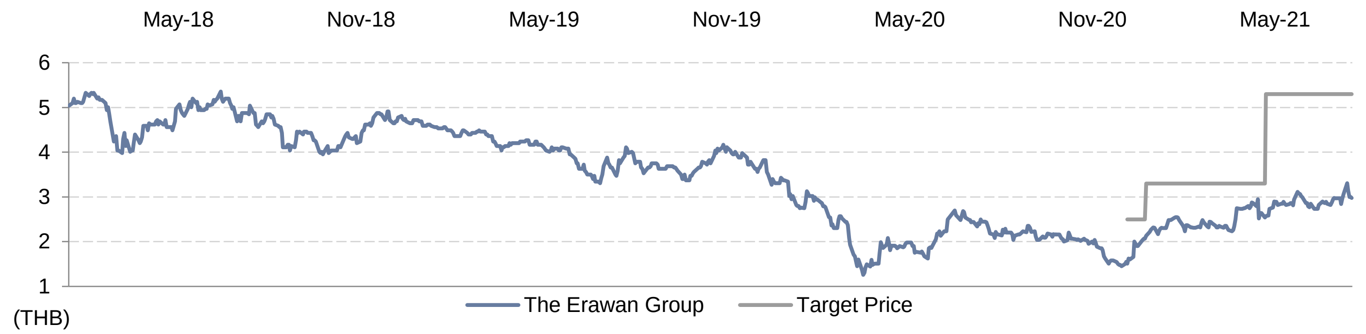
History of change in investment rating and/or target price

The Erawan Group (ERW TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	2.50	19-Nov-2020	HOLD	3.30	01-Mar-2021	BUY	5.30

Teerapol Udomvej, CFA started covering this stock from 03-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
The Erawan Group	ERW TB	THB 2.98	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

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

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All share prices are as at market close on 14-May-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.