

22 SEPTEMBER 2021

THAILAND / TOURISM & LEISURE

CENTRAL PLAZA HOTEL CENTEL TB

BUY

UNCHANGED

TARGET PRICE	THB40.00
CLOSE	THB35.25
UP/DOWNSIDE	+13.5%
PRIOR TP	THB37.50
CHANGE IN TP	+6.7%
TP vs CONSENSUS	+16.7%

Setting the wheels in motion in Dubai

Expect 3Q21 core loss to be in line with 2Q21 core loss

We expect CENTEL to book a loss of THB660m-690m in 3Q21, close to the THB651m core loss in 2Q21. Its hotel business should improve on a better OCC rate for Maldives hotels (accounted for 7% of total revenue in 2019) which we estimate to jump to 60-70% in 3Q21 from 25% in 2Q21 after the ban on Indian tourists was lifted. However, SSSG should plunge by 30-40% y-y due to the lockdown and ban on dining in at restaurants.

Expect operations to significantly improve in 4Q21

We expect CENTEL's operations to bottom out in 3Q21 and improve in 4Q21 onward. First, Maldives tourist arrivals have surpassed the pre-Covid level since Aug. The momentum should continue during the peak tourism season in 4Q21-1Q22, with the OCC rate potentially ramping up to 70-80%. Second, its food business has recovered in Sep after the lockdown was lifted, and we expect SSSG to return to normal, potentially turning positive in 4Q21 due to pent-up demand. Third, its Thai hotels should benefit from the border reopening over 4Q21-1Q22. 10 out of 18 of its owned hotels are open and all hotels are scheduled to open by 1Q21. Overall, we estimate a lower 4Q21 core loss of THB250m-300m.

New JV hotel in Dubai should be the new key driver in 2022

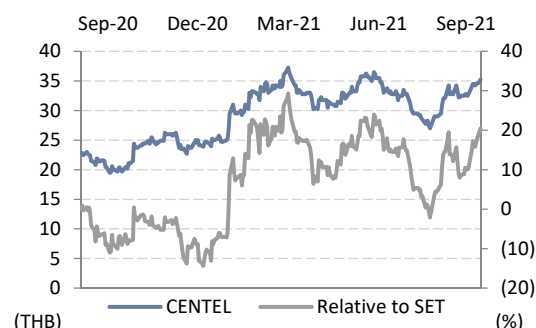
CENTEL will open its new 4-star JV hotel in Dubai next month. Dubai has already reopened its borders to international tourists, which have recovered to 30% of the pre-Covid level as of 7M21. Its hotel industry has also recovered, with its OCC rate improving to 61% in 7M21. It should accelerate in the next six months as Dubai will host the Expo event. We expect CENTEL's Dubai hotel operations to turn profitable in 2022, with an OCC rate of 65%. Our assumption is conservative compared with the industry's average of 75% in 2019. CENTEL will receive management fees for this hotel, which should offset its operating loss for the first year.

Trading at a discount to its historical average

We revise up our 2022-23E core profit by 4-5% after adjusting our more bullish assumptions for the Dubai hotel and derive a new TP of THB40. CENTEL is trading at 25x 2023E P/E, lower than its 5-yr average of 32x and slightly higher than its NAV of THB29/shr. We believe CENTEL's earnings should exceed their pre-Covid level, led by a better margin from cost-saving initiatives and new hotels (Samui, Dubai and Japan).

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	12,907	11,478	16,814	22,387
Net profit	(2,775)	(2,005)	336	1,893
EPS (THB)	(2.06)	(1.48)	0.25	1.40
vs Consensus (%)	-	nm	171.7	38.5
EBITDA	1,660	1,536	4,362	6,343
Core net profit	(1,550)	(2,050)	336	1,893
Core EPS (THB)	(1.15)	(1.52)	0.25	1.40
Chg. In EPS est. (%)	nm	nm	3.6	4.7
EPS growth (%)	nm	nm	nm	463.6
Core P/E (x)	(30.7)	(23.2)	141.7	25.1
Dividend yield (%)	-	-	0.3	1.6
EV/EBITDA (x)	40.6	47.2	16.6	11.3
Price/book (x)	4.8	2.7	2.7	2.4
Net debt/Equity (%)	190.6	138.3	135.8	118.3
ROE (%)	(13.1)	(14.9)	1.9	10.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.3	(0.7)	50.0
Relative to country (%)	5.1	(1.5)	18.4
Mkt cap (USD m)			1,426
3m avg. daily turnover (USD m)			3.1
Free float (%)			72
Major shareholder	The Chirathivat group (62%)		
12m high/low (THB)	38.00/19.40		
Issued shares (m)	1,350.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

CENTEL conservatively invested over the past five years, resulting in lower leverage with a D/E of only 0.7x in 2Q21. Its strong balance sheet has become its strength during the Covid-19 crisis. We see CENTEL as the hospitality provider with the lowest risk profile under our sector coverage.

After the Covid crisis has subsided, we expect CENTEL to be in an expansion mode from the completion of renovations on two of its hotels (Samui and Central World) and the openings of four big hotel projects: one in Dubai (2021), two in Maldives (2023), and one in Japan (2023).

With the uncertainties surrounding the hotel business, its food business should support its earnings, with the potential to benefit from the new normal post Covid-19, including the growth of food delivery services and its Cloud Kitchen model.

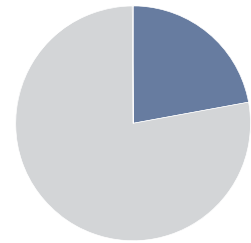
Company profile

CENTEL owns and operates 18 hotels in Thailand and the Maldives, and more than 1,000 restaurant outlets in Thailand.

www.centarahotelsresorts.com

Principal activities (revenue, 2020)

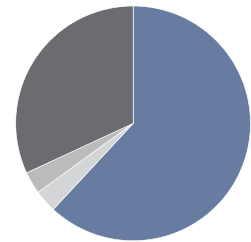
- Hotel revenue - 22.1 %
- F&B revenue - 77.8 %
- Rental income - 0.1 %



Source: Central Plaza Hotel

Major shareholders

- The Chirathivat group - 61.9 %
- Thai NVDR - 3.1 %
- Niti Osathanugrah - 3.1 %
- Others - 31.9 %



Source: Central Plaza Hotel

Catalysts

Key growth drivers include 1) a faster OCC ramp-up rate following a recovery in global tourism; 2) improving consumption and economic growth resulting in strong SSSG; and 3) Covid-19 vaccine rollouts.

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 and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
Nov-21	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Owned & leased hotels			
- Number of rooms (no.)	4,443	4,574	4,884
- Occupancy rate (OCC)	19.3	55.6	76.5
- RevPAR growth	(48)	252	88
Food business			
- Number of outlets (no.)	1,210	1,271	1,334
- Same-Store Sales Growth (SSSG)	(10)	13	5
- Total System Sales Growth (TSSG)	(5)	18	10

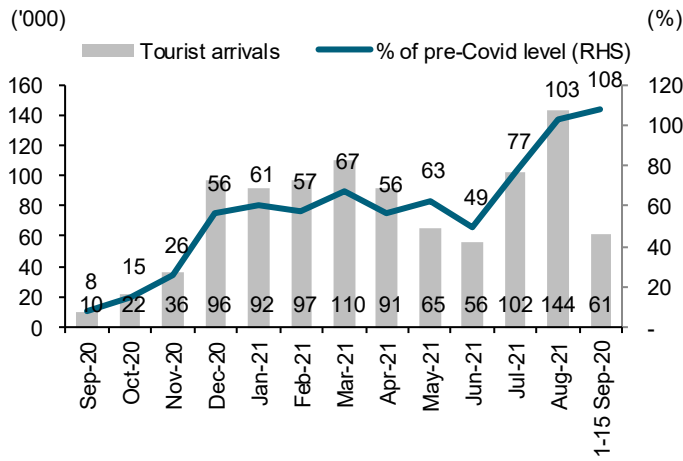
Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in OCC, we project a 2021 loss reduction of 70%, and vice versa, all else being equal.
- For every 5% increase in SSSG, we project a 2021 loss reduction of 64%, and vice versa, all else being equal.

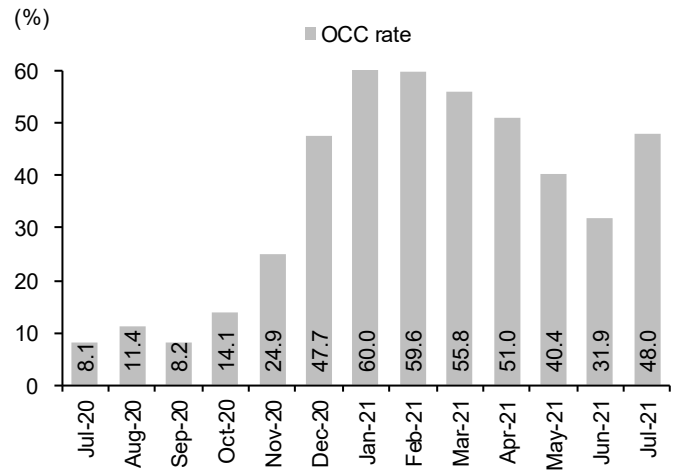
Source: FSSIA estimates

Exhibit 1: Maldives' tourist arrivals



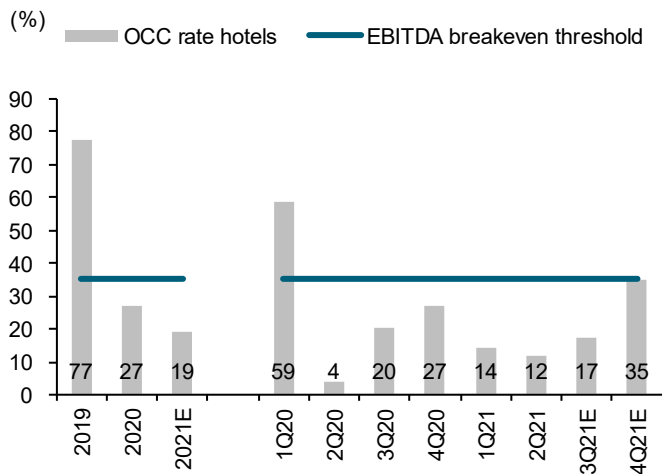
Source: Ministry of Tourism, Republic of Maldives

Exhibit 2: Maldives' hotel industry average OCC rate



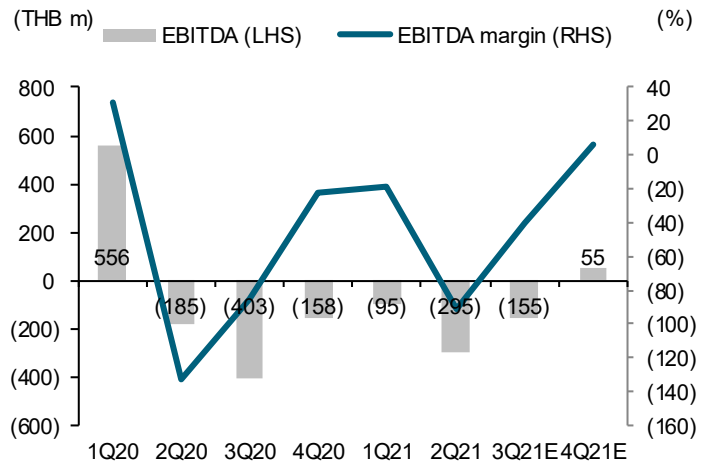
Source: Ministry of Tourism, Republic of Maldives

Exhibit 3: Hotel business OCC rate



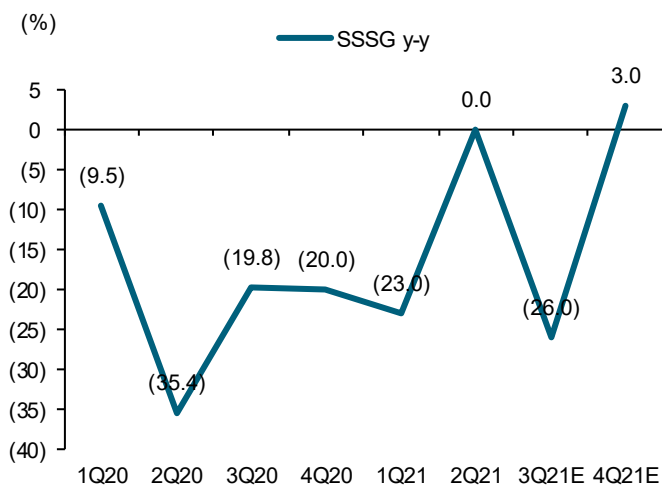
Source: FSSIA estimates

Exhibit 4: Hotel business EBITDA



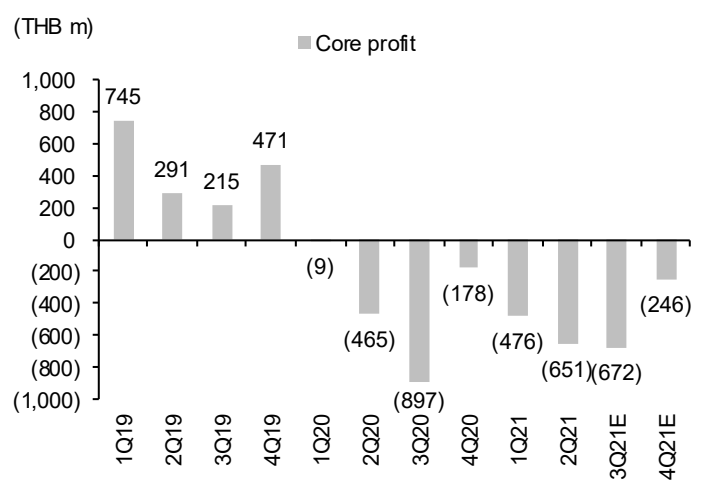
Source: FSSIA estimates

Exhibit 5: Food business SSSG



Source: FSSIA estimates

Exhibit 6: Core profit trend, quarterly



Source: FSSIA estimates

New JV hotel in Dubai to open in Oct 2021

Centara Mirage Beach Resort Dubai, which is a JV with the UAE developer, Nakheel, is scheduled to open in Oct and will be CENTEL’s first property in the UAE. We see this project as a key growth driver for CENTEL in 2022.

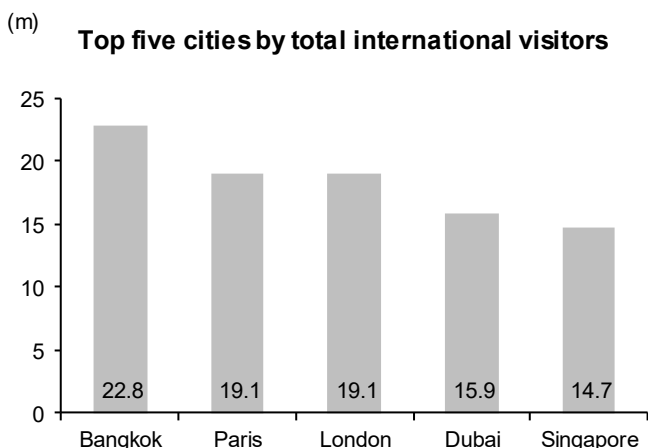
Dubai tourism industry before the Covid pandemic

According to Mastercard’s Global Destination Cities Index 2019, Dubai was ranked 4th in terms of most visited cities for international tourists in 2019, trailing only Bangkok, Paris and London.

Before the Covid pandemic, Dubai’s international tourist volume grew at a 4% CAGR to 16.7m over 2015-19, with the top five arrival nationalities being from India, Saudi Arabia, the UK, Oman, and China. The majority of arrivals (75%) were leisure tourists, while 14% were business travellers. The average length of stay for tourists was eight days.

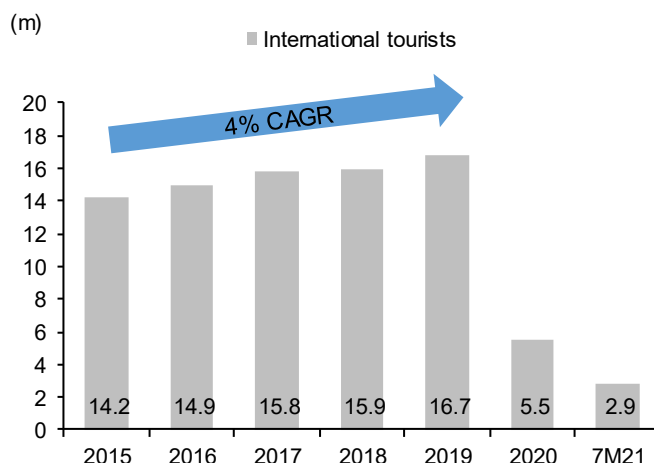
As a result, the hotel business in Dubai also expanded. Room nights sold increased at a 5% CAGR to 32.1m room nights over 2013-19. The average OCC rate stayed at 75-76% in 2018-19. The majority of hotel guests were international, accounting for 76% of total guests, while the remainder were domestic.

Exhibit 7: Most visited cities around the world in 2019



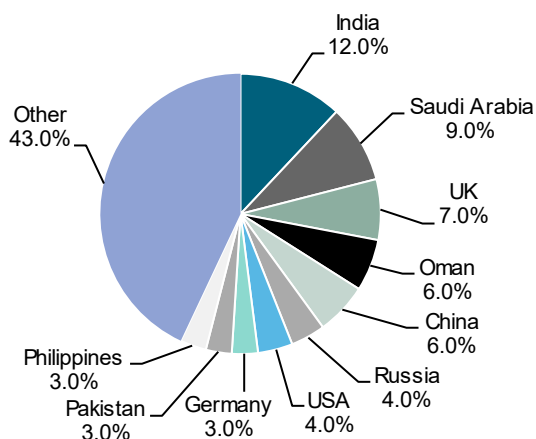
Source: The Mastercard Global Destination Cities Index 2019

Exhibit 8: Dubai’s international tourist arrivals



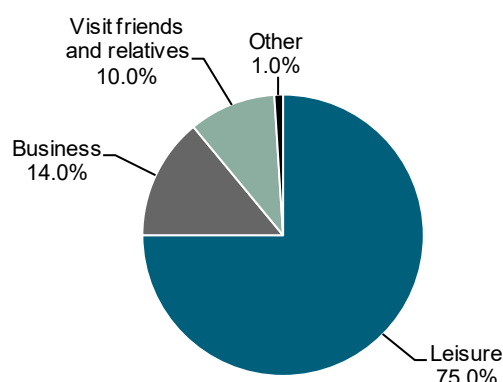
Source: Dubai Tourism

Exhibit 9: Dubai’s tourist arrivals – breakdown as of 2019



Source: Dubai Tourism

Exhibit 10: Dubai’s tourist arrivals – purpose of visit

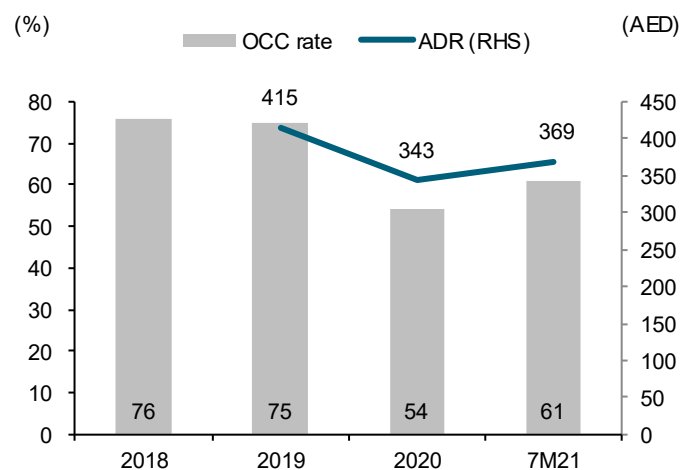


Sources: Dubai Tourism

Exhibit 11: Dubai hotels key operating stats

	2013	2016	2018	2019	2020
	(m)	(m)	(m)	(m)	(m)
Hotel guest arrivals	11.0	14.4	16.2	17.5	8.8
International (%)	81	79	77	76	48
Domestic (%)	19	21	23	24	52
Room nights sold	23.7	28.0	30.1	32.1	20.5
Total hotel room inventory (no.)	85,000	103,000	116,000	126,000	127,000
Available room nights	30.2	36.2	39.9	42.9	37.8
Occupancy (%)	81	78	76	75	54

Source: Dubai Tourism

Exhibit 12: Dubai hotels OCC rate and ADR

Source: Dubai Tourism

Dubai tourism continuing to recover

Dubai has reopened its border to international tourists since 7 Jul-20. Dubai was one of the first cities globally to reopen its market. The UAE has one of the world's highest vaccination rates at close to 85% of residents having at least one vaccine dose and about 75% having two doses.

International tourist numbers have gradually recovered to 2.9m in 7M21, led by tourists from India, Russia, Saudi Arabia, the USA and France. The OCC rate has also recovered to 61% in 7M21 from 54% in 2020, thanks to demand for staycations in the domestic market and the partial recovery of international tourist arrivals.

According to STR, Dubai ranked second globally in terms of OCC rate after Singapore and ahead of London and Paris, with the highest RevPAR among the cities.

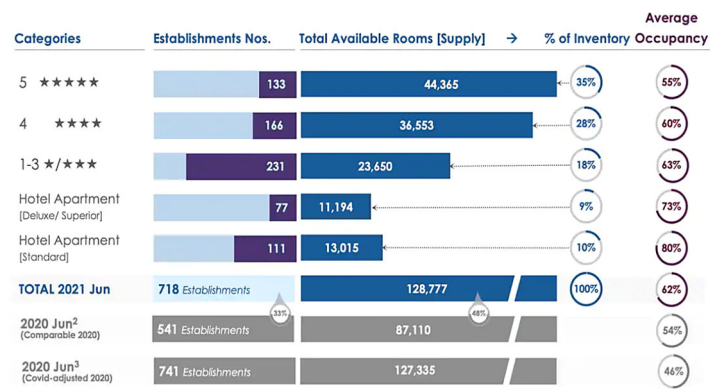
Demand should exceed supply post Covid, with the World Expo as key driver

As of Jun-21, Dubai had a total of 718 accommodations with 129k available rooms. The majority of the accommodation segment is 5-star hotels with more than 44k rooms accounting for 35% of total guestroom inventory, followed by 4-star hotels at 28%. The Centara hotel is under the 4-star hotel segment.

Based on Dubai Tourism's analysis, guestroom inventory is forecast to increase at a 2% CAGR from 127k in 2020 to 136k in 2023. Compared to the demand growth at 5% CAGR for room nights sold over 2013-19, we expect the momentum to continue. We think that demand should exceed supply over the next three years, resulting in hotel operators in Dubai capturing the benefit from the increase.

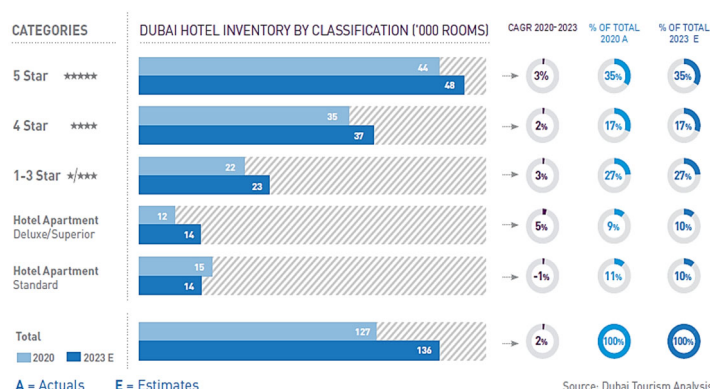
In addition, Dubai will host Expo 2020 Dubai, the first world Expo hosted in the Middle East and one of the largest events ever in the region, with over 200 exhibiting participants. The event will start on 1 Oct-21 and last six months. Dubai expects to welcome a number of major corporate and incentive groups to the event. Thus, this should boost hotels' OCC and room rates over the duration of the event.

Exhibit 13: Dubai's hotel inventory as of June 2021



Source: Dubai Tourism

Exhibit 14: Dubai's hotel inventory in pipeline over 2020-23



Source: Dubai Tourism

CENTEL's Dubai hotel should turn profitable in 2022

Centara Mirage Beach Resort Dubai is a 4-star beachfront family resort scheduled to open in Oct-21 with a total of 607 guest rooms. At first, CENTEL estimated the room rate for this hotel at cTHB7,000-8,000. However, we believe the hotel may offer a 10-20% discount during this period.

CENTEL holds a 40% share of this JV hotel and will recognise profit and loss through equity income. Similar to other new hotels, we expect this hotel to have a ramp-up period of 1-2 years to turn profitable. The competition for the 4-star segment is not high, given that the hotel room inventory under this segment is expected to grow by only 2% CAGR over 2020-23, according to Dubai Tourism.

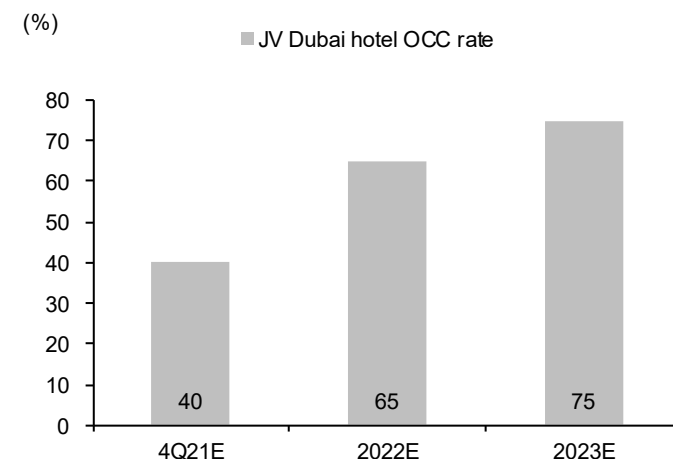
On a positive note, even though this hotel may book an operating loss for CENTEL, it will receive management fees (c6-8% of total hotel revenue) and this could offset the operating loss. As a result, we believe this hotel may not drag CENTEL's overall performance down during its initial operating period, and should start lifting CENTEL's profit in 2022 onward. Note that the total capex for this hotel is THB6.0b, implying THB2.4b capex for CENTEL (40% share).

Exhibit 15: Centara Mirage Beach Resort Dubai



Source: [Centara Hotels Resorts website](https://www.centarahotelsresorts.com)

Exhibit 16: OCC rate forecasts for Centara Mirage Beach Resort Dubai



Source: FSSIA estimates

Exhibit 17: 3Q21E results preview

	3Q20	4Q20	1Q21	2Q21	3Q21E	----- Change ----		9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Sales	2,997	3,160	2,682	2,566	2,374	(7)	(21)	9,747	7,622	(22)	11,478
-Hotel operation	433	644	442	269	374	39	(14)	2,226	1,086	(51)	1,939
-Food and beverage	2,564	2,517	2,240	2,297	2,000	(13)	(22)	7,521	6,537	(13)	9,539
COGS (Incl. depreciation)	(2,203)	(2,243)	(1,813)	(1,849)	(1,766)	(4)	(20)	(6,594)	(5,428)	(18)	(8,891)
Gross Profit	794	918	869	717	609	(15)	(23)	3,153	2,195	(30)	2,586
SG&A	(1,667)	(1,390)	(1,276)	(1,297)	(1,241)	(4)	(26)	(4,441)	(3,814)	(14)	(4,476)
Operating Profit	(873)	(472)	(407)	(580)	(632)	(9)	28	(1,289)	(1,620)	(26)	(1,890)
Net other income	64	90	92	78	78	0	22	252	249	(1)	405
Interest expense	(191)	(164)	(165)	(172)	(172)	0	(10)	(505)	(509)	1	(691)
Pretax profit	(1,000)	(546)	(481)	(673)	(726)	(8)	27	(1,541)	(1,880)	(22)	(2,177)
Income Tax	67	343	9	7	37	448	(45)	92	53	(42)	170
Associates	(23)	(10)	(9)	(13)	(13)	0	(43)	(10)	(35)	236	(74)
Minority interest	58	35	5	28	30	8	(48)	88	63	(28)	30
Core profit	(897)	(178)	(476)	(651)	(672)	(3)	25	(1,372)	(1,799)	(31)	(2,051)
Extraordinaries, GW & FX	0	(1,189)	0	45				(36)	45		45
Reported net profit	(897)	(1,367)	(476)	(606)	(672)	(11)	25	(1,408)	(1,754)	(25)	(2,006)
Shares out (end Q, m)	1,350	1,350	1,350	1,350	1,350	0	0	1,350	1,350	0	1,350
Pre-ex EPS	(0.66)	(0.13)	(0.35)	(0.48)	(0.50)	(3)	25	(1)	(1)	31	(1.52)
EPS	(0.66)	(1.01)	(0.35)	(0.45)	(0.50)	(11)	25	(1)	(1)	25	(1.49)
											0
COGS Excl depreciation	(1,339)	(1,392)	(1,003)	(1,033)	(950)	(8)	(29)	(4,023)	(2,986)	(26)	(5,466)
Depreciation	(864)	(850)	(810)	(816)	(816)	0	(6)	(2,571)	(2,442)	(5)	(3,426)
EBITDA	32	458	486	302	249	(17)	670	1,524	787	(48)	1,536
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)
Gross margin	26	29	32	28	26	(2)	(1)	32	29	(4)	23
SG&A/Revenue	56	44	48	51	52	2	(3)	46	50	4	39
Hotel EBITDA margin	(85)	(22)	(19)	(92)	(40)	52	45				
Food EBITDA margin	17	24	26	25	20	(5)	3				
Total EBITDA margin	1	14	18	11	10	(1)	9	16	10	(5)	13
Net profit margin	(30)	(43)	(18)	(24)	(28)	(5)	2	(14)	(23)	(9)	(17)
Operating stats											
Hotel											
OCC (%)	20	27	14	12	17						
OCC growth (y-y %)	(55)	(51)	(45)	8	(3)						
ARR (THB)	2,654	3,109	4,886	3,214	3,443						
ARR growth (y-y %)	(31)	(29)	(8)	29	30						
RevPAR (THB)	533	831	660	381	589						
RevPAR growth (y-y %)	(81)	(75)	(79)	266	10						
Food											
SSSG (y-y %)	(20)	(20)	(23)	0	(26)						
TSSG (y-y %)	(16)	(18)	(20)	5	(22)						

Source: FSSIA estimates

Exhibit 18: Forecast revisions

	Current			Previous			Change		
	2021E (%)	2022E (%)	2023E (%)	2021E (%)	2022E (%)	2023E (%)	2021E (%)	2022E (%)	2023E (%)
OCC	19.3	55.6	76.5	19.3	55.6	76.5	0.0	0.0	(0.0)
RevPar (THB)	594	2,091	3,936	594	2,091	3,936	0.0	0.0	0.0
SSSG	(10.0)	12.7	5.0	(10.0)	12.7	5.0	0.0	0.0	0.0
TSSG	(5.0)	17.7	10.0	(5.0)	17.7	10.0	0.0	0.0	0.0
Total Revenue (THB b)	11.5	16.8	22.4	11.5	16.8	22.4	(0.0)	(0.0)	(0.0)
EBITDA Margin	28.5	30.7	31.3	28.5	30.5	30.9	(0.0)	0.2	0.4
Core profit (THB b)	(2.0)	0.3	1.9	(2.0)	0.3	1.8	0.4	3.6	4.7

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

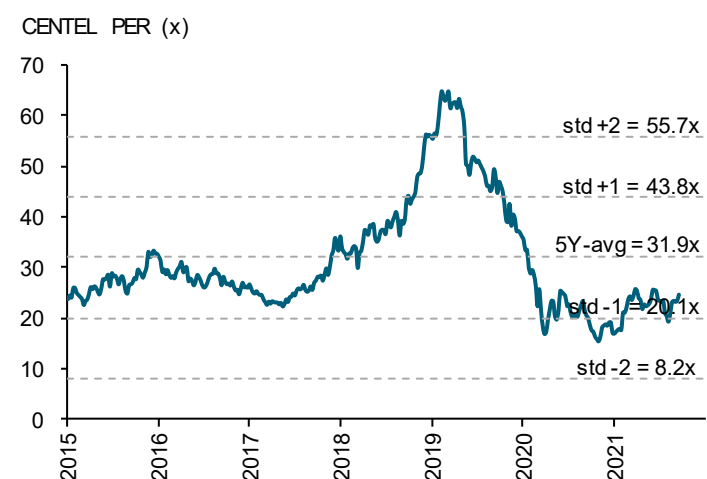
Exhibit 19: DCF valuation

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	1.1		
Cost of equity, Ke	11.8	Net cost of debt, Kd	2.8
Weight applied	60.0	Weight applied	40.0
WACC	8.2		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	27.7	20.5	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	48.5	35.9	Terminal growth 2.5%
Cash & liquid assets	1.6	1.2	At end-2022E
Investments	2.7	2.0	At end-2022E
Debt	(26.3)	(19.5)	At end-2022E
Minorities	(0.3)	(0.2)	At end-2022E
Residual ordinary equity	54.0	40.0	

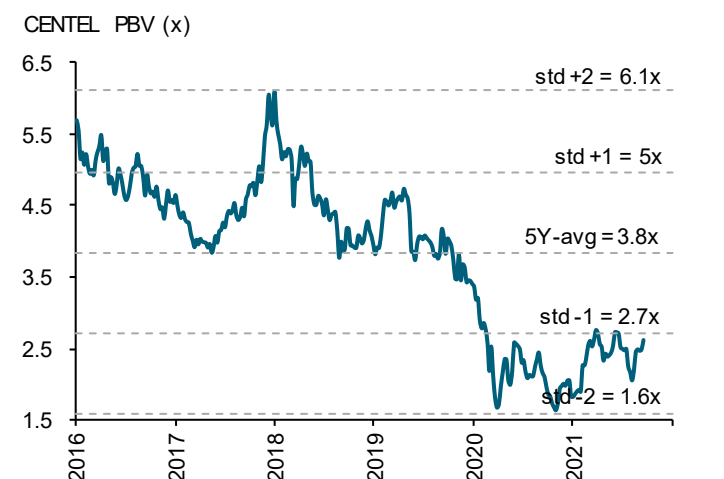
Source: FSSIA estimates

Exhibit 20: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 21: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 22: Peer comparisons as of 21 Sep 2021

Company	BBG	Rec	---Share price---			Market Cap (USD m)	----- PE -----		----- PBV -----		-- EV/ EBITDA --	
			Current (LCY)	Target (LCY)	Upside (%)		21E (x)	22E (x)	21E (x)	22E (x)	21E (x)	22E (x)
Thailand												
Asset World Corp	AWC TB	BUY	4.32	5.60	30	4,143	(56.4)	472.4	1.8	1.8	1,809.6	61.1
Minor International	MINT TB	BUY	32.25	38.00	18	5,025	(13.0)	81.3	3.1	3.0	50.3	14.6
Central Plaza Hotel	CENTEL TB	BUY	35.25	40.00	13	1,426	(23.2)	141.7	2.7	2.7	47.2	16.6
Erawan Group	ERW TB	BUY	3.06	3.50	14	416	(6.9)	(66.9)	2.3	2.4	(46.0)	21.4
S Hotels & Resorts	SHR TB	BUY	3.58	4.20	17	386	(9.8)	183.8	0.8	0.8	53.6	12.7
Thailand average						11,395	(21.9)	162.5	2.2	2.1	382.9	25.3
Regional												
Shanghai Jin Jiang Capital	2006 HK	n/a	1.56	n/a	n/a	1,115	33.2	8.1	0.7	0.7	n/a	n/a
Btg Hotels Group	600258 CH	n/a	23.69	n/a	n/a	3,616	42.5	21.9	2.6	2.4	22.8	14.3
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.87	n/a	n/a	6,315	17.4	7.7	0.8	0.8	25.6	16.0
Huangshan Tourism Develop	900942 CH	n/a	0.70	n/a	n/a	884	14.7	10.0	0.7	0.7	10.9	7.5
Genting Bhd	GENT MK	n/a	4.90	n/a	n/a	4,508	816.7	12.9	0.6	0.6	13.8	7.6
Greentree Hospitality	GHG US	n/a	7.68	n/a	n/a	791	11.1	9.2	2.1	1.8	7.2	5.7
Huazhu Group	HTHT US	n/a	45.42	n/a	n/a	14,841	129.0	36.3	7.4	5.9	39.7	17.4
Indian Hotels	IH IN	n/a	161.05	n/a	n/a	2,654	n/a	n/a	5.4	5.8	n/a	62.7
Lemon Tree Hotels	LEMONTRE IN	n/a	39.30	n/a	n/a	429	n/a	n/a	4.6	3.7	84.0	42.6
Lippo Karawaci	LPKR IJ	n/a	149.00	n/a	n/a	741	15.9	20.5	n/a	n/a	n/a	n/a
Regional average						35,895	135.0	15.8	2.8	2.5	29.2	21.7
Overall average						47,290	74.7	72.2	2.6	2.4	176.6	23.1

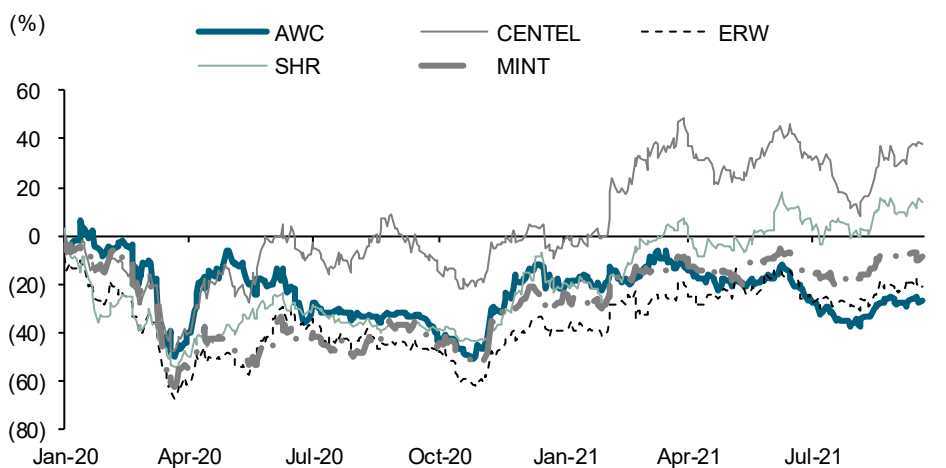
Sources: Bloomberg; FSSIA estimates

Exhibit 23: Net asset value calculation

Net asset value	(THB b)	Comment
Total replacement cost	45	
Add : Land	14	As of 2Q21
Add : Cash and cash equivalents	3	As of 2Q21
Less: Estimated depreciation	(9)	
Less: Debt	(14)	As of 2Q21
Less: Minorities	(0)	As of 2Q21
Net value	39	
No. of shares (m)	1,350	
Net asset value per share (THB)	29	

Source: FSSIA estimates

Exhibit 24: Share price performance of Thai hotel stocks



Source: Bloomberg

Financial Statements

Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	20,737	12,907	11,478	16,814	22,387
Cost of goods sold	(10,151)	(5,416)	(5,466)	(5,911)	(7,358)
Gross profit	10,586	7,491	6,012	10,903	15,029
Other operating income	-	-	-	-	-
Operating costs	(6,770)	(5,831)	(4,476)	(6,541)	(8,686)
Operating EBITDA	3,816	1,660	1,536	4,362	6,343
Depreciation	(2,037)	(3,421)	(3,426)	(3,578)	(3,778)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,779	(1,761)	(1,890)	784	2,565
Net financing costs	(214)	(580)	(608)	(699)	(699)
Associates	29	(21)	(74)	(44)	48
Recurring non-operating income	482	232	249	380	570
Non-recurring items	23	(1,225)	45	0	0
Profit before tax	2,069	(3,333)	(2,205)	465	2,435
Tax	(260)	435	170	(97)	(478)
Profit after tax	1,809	(2,898)	(2,035)	368	1,958
Minority interests	(65)	123	30	(32)	(65)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,744	(2,775)	(2,005)	336	1,893
Non-recurring items & goodwill (net)	(23)	1,225	(45)	0	0
Recurring net profit	1,722	(1,550)	(2,050)	336	1,893
Per share (THB)					
Recurring EPS *	1.28	(1.15)	(1.52)	0.25	1.40
Reported EPS	1.29	(2.06)	(1.48)	0.25	1.40
DPS	0.55	0.00	0.00	0.10	0.56
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
Growth					
Revenue (%)	(3.0)	(37.8)	(11.1)	46.5	33.1
Operating EBITDA (%)	(15.9)	(56.5)	(7.5)	184.0	45.4
Operating EBIT (%)	(28.6)	nm	nm	nm	227.1
Recurring EPS (%)	(21.1)	nm	nm	nm	463.6
Reported EPS (%)	(19.9)	nm	nm	nm	463.6
Operating performance					
Gross margin inc. depreciation (%)	41.2	31.5	22.5	43.6	50.3
Gross margin of key business (%)	41.2	31.5	22.5	43.6	50.3
Operating EBITDA margin (%)	18.4	12.9	13.4	25.9	28.3
Operating EBIT margin (%)	8.6	(13.6)	(16.5)	4.7	11.5
Net margin (%)	8.3	(12.0)	(17.9)	2.0	8.5
Effective tax rate (%)	12.9	20.9	18.0	19.0	20.0
Dividend payout on recurring profit (%)	43.1	-	-	40.0	40.0
Interest cover (X)	10.6	(2.6)	(2.7)	1.7	4.5
Inventory days	30.9	55.7	52.4	50.7	47.5
Debtor days	14.3	18.1	16.4	11.2	8.4
Creditor days	97.2	152.4	125.7	121.5	113.8
Operating ROIC (%)	8.0	(6.2)	(4.8)	1.6	5.2
ROIC (%)	8.9	(4.6)	(3.7)	2.2	5.7
ROE (%)	13.0	(13.1)	(14.9)	1.9	10.1
ROA (%)	7.3	(3.9)	(3.8)	2.0	5.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	8,439	2,855	1,924	5,572	10,022
F&B revenue	12,184	10,037	9,539	11,228	12,350
Rental income	115	14	14	14	14

Sources: Central Plaza Hotel; FSSIA estimates

Financial Statements

Central Plaza Hotel

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,722	(1,550)	(2,050)	336	1,893
Depreciation	2,037	3,421	3,426	3,578	3,778
Associates & minorities	-	-	-	-	-
Other non-cash items	(66)	(4,715)	15	32	65
Change in working capital	(36)	(24)	18	59	259
Cash flow from operations	3,658	(2,869)	1,410	4,005	5,994
Capex - maintenance	(1,960)	(9,627)	(16,200)	(4,000)	(4,700)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(512)	(1,303)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,472)	(10,930)	(16,200)	(4,000)	(4,700)
Dividends paid	(877)	0	0	0	(134)
Equity finance	0	0	0	0	0
Debt finance	641	14,537	4,200	(100)	(300)
Other financing cash flows	(208)	(28)	9,630	(30)	(62)
Cash flow from financing	(444)	14,508	13,830	(130)	(496)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	742	710	(960)	(125)	798
Free cash flow to firm (FCFF)	1,400.03	(13,129.64)	(14,099.95)	747.99	2,026.66
Free cash flow to equity (FCFE)	1,619.65	710.01	(960.19)	(124.64)	932.47

Per share (THB)

FCFF per share	1.04	(9.73)	(10.44)	0.55	1.50
FCFE per share	1.20	0.53	(0.71)	(0.09)	0.69
Recurring cash flow per share	2.74	(2.11)	1.03	2.92	4.25

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	36,332	44,156	48,356	52,356	57,056
Less: Accumulated depreciation	(16,415)	(17,971)	(9,397)	(12,975)	(16,753)
Tangible fixed assets (net)	19,918	26,184	38,958	39,380	40,302
Intangible fixed assets (net)	315	356	356	356	356
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,440	2,743	2,743	2,743	2,743
Cash & equivalents	2,024	2,734	1,774	1,649	2,447
A/C receivable	765	514	514	514	514
Inventories	871	782	789	853	1,062
Other current assets	1,002	376	334	490	652
Current assets	4,661	4,406	3,411	3,506	4,676
Other assets	1,256	1,661	1,661	1,661	1,661
Total assets	27,590	35,350	47,129	47,646	49,738
Common equity	13,670	9,923	17,515	17,851	19,609
Minorities etc.	473	293	296	299	302
Total shareholders' equity	14,144	10,216	17,811	18,150	19,911
Long term debt	7,114	20,477	24,677	24,577	24,277
Other long-term liabilities	2,618	760	760	760	760
Long-term liabilities	9,732	21,236	25,436	25,336	25,036
A/C payable	2,649	1,873	1,890	2,044	2,545
Short term debt	551	1,725	1,725	1,725	1,725
Other current liabilities	514	300	267	391	521
Current liabilities	3,714	3,898	3,882	4,161	4,791
Total liabilities and shareholders' equity	27,590	35,350	47,129	47,646	49,738
Net working capital	(525)	(501)	(520)	(578)	(837)
Invested capital	22,403	30,443	43,199	43,562	44,225

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

Per share (THB)

Book value per share	10.13	7.35	12.97	13.22	14.53
Tangible book value per share	9.89	7.09	12.71	12.96	14.26

Financial strength

Net debt/equity (%)	39.9	190.6	138.3	135.8	118.3
Net debt/total assets (%)	20.4	55.1	52.3	51.7	47.4
Current ratio (x)	1.3	1.1	0.9	0.8	1.0
CF interest cover (x)	8.6	2.2	(0.6)	0.8	2.3

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	27.6	(30.7)	(23.2)	141.7	25.1
Recurring P/E @ target price (x) *	31.4	(34.8)	(26.3)	160.8	28.5
Reported P/E (x)	27.3	(17.1)	(23.7)	141.7	25.1
Dividend yield (%)	1.6	-	-	0.3	1.6
Price/book (x)	3.5	4.8	2.7	2.7	2.4
Price/tangible book (x)	3.6	5.0	2.8	2.7	2.5
EV/EBITDA (x) **	14.1	40.6	47.2	16.6	11.3
EV/EBITDA @ target price (x) **	15.8	44.4	51.4	18.1	12.3
EV/invested capital (x)	2.4	2.2	1.7	1.7	1.6

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

Sources: Central Plaza Hotel; 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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SEOIL	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	AMANAHA	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	MITISB	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	WIJK	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	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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* 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	TTB	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	WIJK	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)

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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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ANALYST(S) CERTIFICATION

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

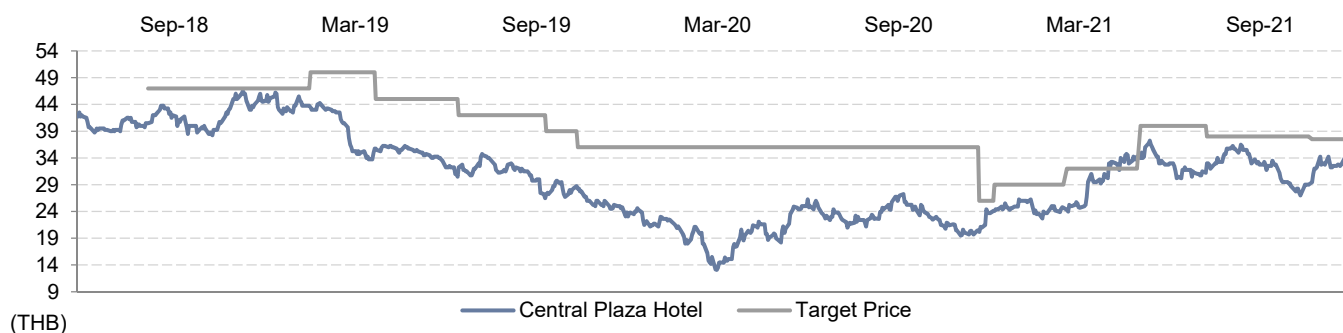
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History of change in investment rating and/or target price

Central Plaza Hotel (CENTEL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Nov-2018	BUY	47.00	26-Nov-2019	BUY	36.00	19-Mar-2021	BUY	40.00
11-Apr-2019	BUY	50.00	02-Apr-2020	BUY	36.00	17-May-2021	BUY	38.00
06-Jun-2019	BUY	45.00	03-Nov-2020	BUY	26.00	07-Jul-2021	BUY	38.00
16-Aug-2019	BUY	42.00	16-Nov-2020	BUY	29.00	13-Aug-2021	BUY	37.50
30-Oct-2019	BUY	39.00	15-Jan-2021	BUY	32.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Asset World Corp (AWC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Oct-2019	BUY	7.50	11-Nov-2020	HOLD	4.20	11-Aug-2021	BUY	5.60
02-Apr-2020	BUY	7.50	17-Feb-2021	HOLD	5.00			
03-Nov-2020	HOLD	3.50	19-Mar-2021	BUY	6.40			

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

Price and TP are in local currency

Source: FSSIA estimates

Minor International (MINT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Dec-2018	HOLD	39.00	20-Dec-2019	HOLD	37.00	18-Nov-2020	BUY	29.00
08-Mar-2019	HOLD	40.00	02-Apr-2020	HOLD	37.00	08-Mar-2021	BUY	40.00
26-Nov-2019	HOLD	38.00	03-Nov-2020	BUY	24.00	13-May-2021	BUY	38.00

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

Price and TP are in local currency

Source: FSSIA estimates

The Erawan Group (ERW TB)



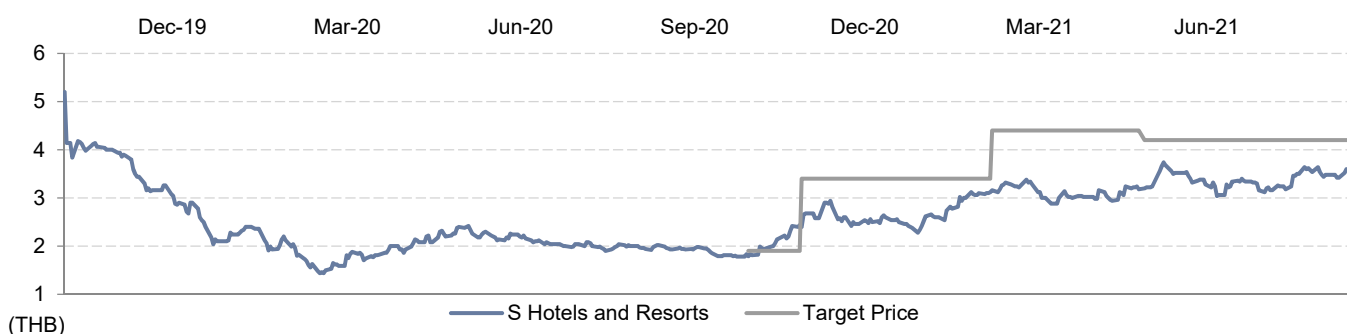
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	2.50	01-Mar-2021	BUY	5.30	17-Aug-2021	BUY	3.50
19-Nov-2020	HOLD	3.30	17-May-2021	BUY	3.60			

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

Price and TP are in local currency

Source: FSSIA estimates

S Hotels and Resorts (SHR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	1.90	11-Mar-2021	BUY	4.40	-	-	-
01-Dec-2020	BUY	3.40	28-May-2021	BUY	4.20			

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
Central Plaza Hotel	CENTEL TB	THB 35.25	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 and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 4.32	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.
Minor International	MINT TB	THB 32.25	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 and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 3.06	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.
S Hotels and Resorts	SHR TB	THB 3.58	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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 21-Sep-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.