

12 OCTOBER 2021

THAILAND / TOURISM &amp; LEISURE

## S HOTELS AND RESORTS SHR TB

BUY

UNCHANGED

TARGET PRICE	THB4.60
CLOSE	THB3.68
UP/DOWNSIDE	+25.0%
PRIOR TP	THB4.20
CHANGE IN TP	+9.5%
TP vs CONSENSUS	-0.7%

ผลขาดทุนใน 3Q จะลดลงจากการพลิกฟื้นของธุรกิจ  
อังกฤษ

ผลขาดทุนจากการดำเนินงานหลักใน 3Q21 น่าจะดีขึ้นจากโรงแรมในอังกฤษ และมัลดีฟส์

พอร์ตโรงแรมในอังกฤษและมัลดีฟส์ (20% และ 30% ของรายได้รวม) น่าจะเป็นปัจจัยผลักดันการเติบโตหลักใน 3Q21 อัตราการเข้าพัก (OCC) ของโรงแรมในอังกฤษน่าจะขึ้นแตะระดับ 65-70% ใน 3Q21 จาก 34% ใน 2Q21 เราคาดว่าอัตราค่าห้องพักต่อวันเฉลี่ย (ADR) จะปรับตัวดีขึ้นเป็นประมาณ 3,000 บาทใน 3Q21 ซึ่งมากกว่าระดับก่อน Covid ที่ 2,800 บาทจากความต้องการที่อ่อนนุ่มเป็นจำนวนมากและค่าเงินบาทที่อ่อนตัวเมื่อเทียบกับเงินปอนด์ เพราะฉะนั้นพอร์ตในอังกฤษน่าจะพลิกมาเป็นกำไรได้ใน 3Q21 นอกจากนี้เรายังคาดว่าด้วยว่า OCC ของโรงแรมในมัลดีฟส์จะฟื้นตัวเป็น 55-60% ใน 3Q21 จาก 44% ใน 2Q21 นำโดยนักท่องเที่ยวจากอินเดีย ADR น่าจะปรับขึ้นจาก 8,100 บาทใน 2Q21 เป็น 10,000 บาท อย่างไรก็ตามโดยตัวเลขดังกล่าวน่าจะยังต่ำกว่าระดับก่อน Covid 20-30% จากเหตุผลดังกล่าวโรงแรมในมัลดีฟส์น่าจะยังรายงาน EBITDA เป็นบวกใน 3Q21

## โรงแรมในไทย พิจิ และมอริเชียสจะดีขึ้นใน 4Q21

ใน 3Q21 พอร์ตที่เหลืออันประกอบด้วยโรงแรมในประเทศไทย พิจิ และมอริเชียสน่าจะยังคงอ่อนแอ SHR ได้กลับมาเปิดโรงแรม 2 แห่ง (ในภูเก็ตและเกาะพีพี) จาก 4 แห่งในประเทศไทย ด้วย OCC เฉลี่ยที่ 15% โดยได้ปัจจัยผลักดันจาก SAii Laguna Phuket ซึ่งมี OCC ประมาณ 30% หลังการเปิดโครงการ Phuket Sandbox SHR วางแผนกลับมาเปิดโรงแรม 2 แห่งในสมุยภายใน 4Q21 สำหรับพอร์ต Outrigger (โรงแรม 2 แห่งในพิจิและ 1 แห่งในมอริเชียส) SHR เปิดโรงแรมเพียง 1 แห่งในพิจิเพื่อใช้เป็นที่พักตัวของรัฐ และเราคาดว่า OCC จะอยู่ที่ 10-15% ใน 3Q21 ในภาพรวมเราคาดว่า SHR จะรายงานผลขาดทุนจากการดำเนินงานอยู่ที่ 290 ลบ. ใน 3Q21 ดีขึ้นจากที่เคยขาดทุน 549 ลบ. ใน 2Q21

## ฤดูกาลท่องเที่ยวของมัลดีฟส์จะนำการฟื้นตัวใน 4Q21

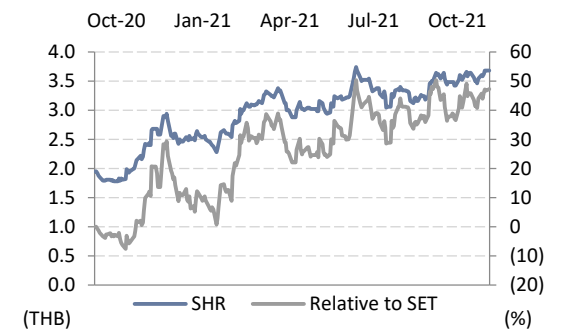
เราคาดว่ากำไรของ SHR จะฟื้นตัวต่อเนื่องใน 4Q21 จากฤดูกาลท่องเที่ยวในมัลดีฟส์ เราคาดว่า ADR จะปรับตัวดีขึ้นจากนักท่องเที่ยวในยุโรป ซึ่งโดยปกติจะใช้จ่ายมากกว่านักท่องเที่ยวจากอินเดีย โรงแรมไทยน่าจะได้ประโยชน์จากความต้องการที่อ่อนนุ่มจากนักท่องเที่ยวในประเทศและการกลับมาของนักท่องเที่ยวต่างชาติ นอกจากนี้โรงแรมในพิจิและมอริเชียสนำฟื้นตัวจากแผนการกลับมาเปิดประเทศ ในขณะที่โรงแรมในอังกฤษน่าจะรักษา OCC ไว้ได้ที่กว่า 60% แม้ว่าฟื้นจากฤดูกาลท่องเที่ยวจากความต้องการที่อ่อนนุ่มในธุรกิจ MICE

## ปรับเพิ่มประมาณการกำไรเพื่อสะท้อนแนวโน้ม ADR ที่ดีขึ้น

เราปรับเพิ่มประมาณการกำไรจากการดำเนินงานในปี 2022-23 อีก 7-41% เพื่อสะท้อนแนวโน้ม ADR ที่ดีขึ้นของโรงแรมในมัลดีฟส์และอังกฤษ ซึ่งทำให้เราได้ราคาเป้าหมายที่สูงขึ้นเป็น 4.6 บาท/หุ้น (DCF) ปัจจุบัน SHR มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจโดยอยู่ที่ 0.9x ของค่า 2022E P/BV ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มฯ ที่ 2.1x

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,563	3,707	6,989	8,231
Net profit	(2,371)	(1,310)	99	410
EPS (THB)	(0.66)	(0.36)	0.03	0.11
vs Consensus (%)	-	nm	20.0	(9.1)
EBITDA	(600)	547	2,278	2,694
Core net profit	(1,908)	(1,310)	99	410
Core EPS (THB)	(0.53)	(0.36)	0.03	0.11
Chg. In EPS est. (%)	nm	nm	41.0	6.5
EPS growth (%)	nm	nm	nm	315.1
Core P/E (x)	(6.9)	(10.1)	134.0	32.3
Dividend yield (%)	-	-	0.3	1.2
EV/EBITDA (x)	(33.9)	54.3	12.7	10.3
Price/book (x)	0.8	0.9	0.9	0.8
Net debt/Equity (%)	45.4	107.4	102.1	92.4
ROE (%)	(11.4)	(8.4)	0.6	2.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.6	20.3	85.9
Relative to country (%)	7.7	14.1	44.9
Mkt cap (USD m)	390		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	38		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	3.84/1.76		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

SHR raised THB7.5b at THB5.20/shr during its IPO in Nov-19. Its share price has fallen since then, mainly due to operating losses from the two hotels under the Crossroads Maldives project and the impact from the Covid-19 pandemic.

Maldives has reopened its borders to international tourists since 15 Jul-20. SHR's two hotels in Maldives (40% of total revenue as of 2020) should capture the strong tourism recovery. Its UK portfolio has also recovered after travel restrictions were eased.

SHR's share price is attractive as it has been trading at a deep discount to its THB4.4/shr book value as of 2Q21 and has a potential upside from M&A deals, considering that it has a strong balance sheet with only 0.9x D/E as of 2Q21.

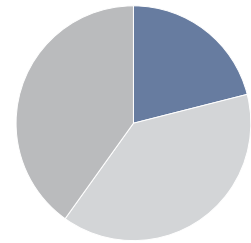
## Company profile

SHR is the holding company of all of the resorts and hotels under the Singha Estate (S TB, not rated) group.

[www.shotelsresorts.com](http://www.shotelsresorts.com)

## Principal activities (revenue, 2020)

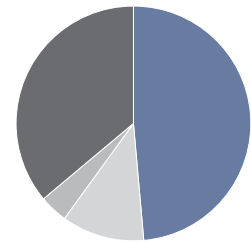
- Self-managed - 21.0 %
- Outrigger - 38.8 %
- Crossroads Ph1 (Maldives hotels) - 40.1 %



Source: S Hotels and Resorts

## Major shareholders

- S Hotels and Resorts Inter - 48.6 %
- S Hotels and Resorts (SG) - 11.4 %
- Thai NVDR - 3.9 %
- Others - 36.1 %



Source: S Hotels and Resorts

## 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) M&A deals.

## 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
November 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Self-Managed - Number of rooms (no.)	657	657	657
Self-Managed - Occupancy rate (OCC)	25.0	55.0	72.9
Self-Managed - RevPAR growth	(47.1)	242.2	40.8
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	65.0	65.0	66.0
Project Crossroads - RevPAR growth	118.7	37.7	4.6
UK - Number of rooms (no.)	3,042	3,042	3,042
UK - Occupancy rate (OCC)	48.0	63.0	68.5
UK - RevPAR growth	76.7	48.3	9.8

Source: FSSIA estimates

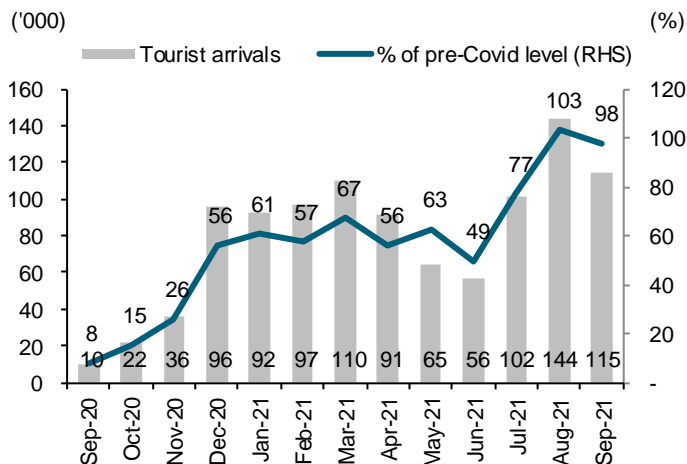
## Earnings sensitivity

- For every 5% increase in OCC rate, we project a 2021 loss reduction of 20%, 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

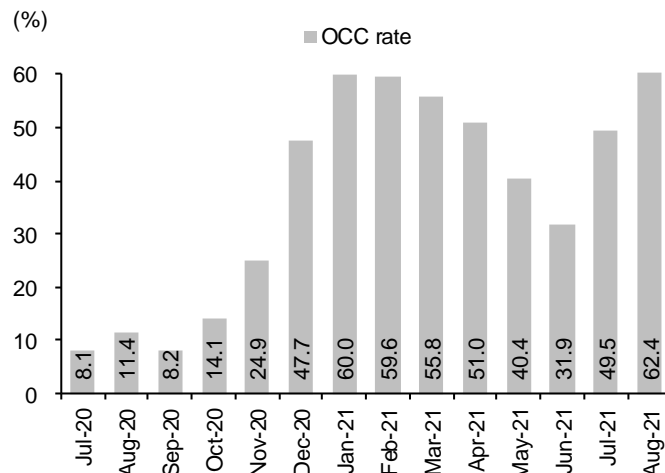


**Exhibit 1: Maldives industry – tourist arrivals after border reopening**



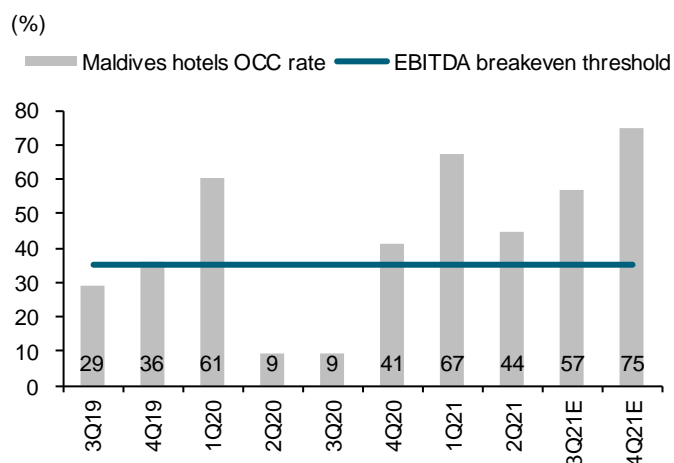
Source: Ministry of Tourism, Republic of Maldives

**Exhibit 2: Maldives industry – average OCC rate of Maldives hotels**



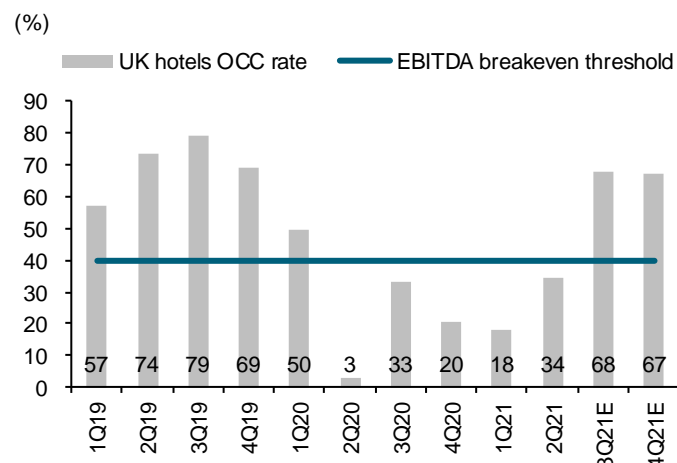
Source: Ministry of Tourism, Republic of Maldives

**Exhibit 3: SHR's Crossroads (Maldives) hotels OCC rate**



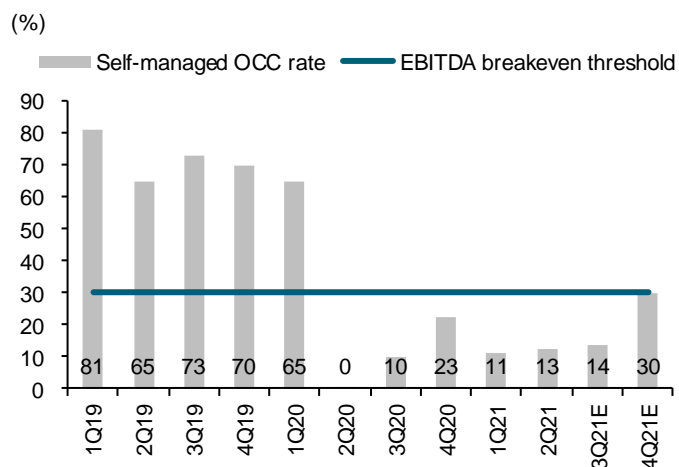
Sources: SHR; FSSIA estimates

**Exhibit 4: SHR's UK hotels OCC rate**



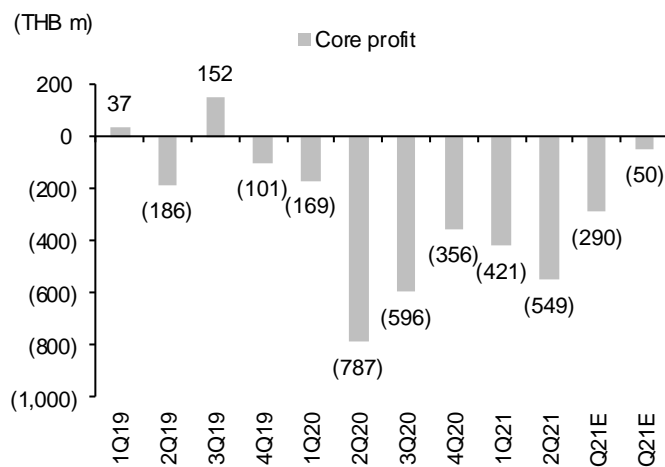
Sources: SHR; FSSIA estimates

**Exhibit 5: SHR's self-managed (Thailand) hotels OCC rate**



Sources: SHR; FSSIA estimates

**Exhibit 6: Core profit recovery trend, quarterly**



Sources: SHR; FSSIA estimates

## Exhibit 7: 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)
<b>Sales</b>	<b>114</b>	<b>297</b>	<b>544</b>	<b>803</b>	<b>1,466</b>	<b>83</b>	<b>1,186</b>	<b>1,266</b>	<b>2,813</b>	<b>122</b>	<b>3,707</b>
- Self-Managed Hotels	31	35	24	54	41	(23)	33	294	119		
- Outrigger Hotels	29	52	34	1	10	1,975	(64)	555	45		
- Project Crossroads Hotels	54	210	398	281	418	49	675	417	1,097		
- UK			88	468	996	113	n/a	0	1,553		
COGS (Incl. depreciation)	(382)	(501)	(566)	(786)	(1,187)	51	211	(1,413)	(2,539)	80	(2,900)
<b>Gross profit</b>	<b>(268)</b>	<b>(204)</b>	<b>(22)</b>	<b>18</b>	<b>279</b>	<b>1,482</b>	<b>(204)</b>	<b>(147)</b>	<b>274</b>	<b>(286)</b>	<b>807</b>
SG&A	(279)	(111)	(306)	(418)	(425)	2	52	(1,124)	(1,150)	2	(1,658)
<b>Operating profit</b>	<b>(547)</b>	<b>(315)</b>	<b>(329)</b>	<b>(401)</b>	<b>(146)</b>	<b>(63)</b>	<b>(73)</b>	<b>(1,271)</b>	<b>(876)</b>	<b>(31)</b>	<b>(851)</b>
Other income	46	75	46	27	29	9	(38)	149	101	(32)	81
- Interest income from JV	34	36	25		0			96	25		0
- Other income	13	38	21	27	29	9	124	59	76		81
Interest expense	(91)	(90)	(131)	(192)	(192)	0	111	(288)	(514)	79	(632)
<b>Pretax profit</b>	<b>(591)</b>	<b>(330)</b>	<b>(414)</b>	<b>(566)</b>	<b>(309)</b>	<b>45</b>	<b>48</b>	<b>(1,410)</b>	<b>(1,288)</b>	<b>(9)</b>	<b>(1,401)</b>
Income Tax	(7)	(11)	(1)	13	15	19	(336)	15	28	82	111
Associates	1	(15)	(6)	3	3	0	151	(157)	1	(100)	(20)
Minority interest	0	0	0	0							0
<b>Core profit</b>	<b>(596)</b>	<b>(356)</b>	<b>(421)</b>	<b>(549)</b>	<b>(290)</b>	<b>47</b>	<b>51</b>	<b>(1,552)</b>	<b>(1,260)</b>	<b>(19)</b>	<b>(1,310)</b>
Extraordinaries, GW & FX	(3)	(840)	110	(22)				377	88	n/a	0
Net unrealized loss on FX	(3)	(16)	7	(30)				(52)	(23)	n/a	
Non-recurring items		(824)	103	8				430	111	n/a	
<b>Reported net profit</b>	<b>(600)</b>	<b>(1,195)</b>	<b>(311)</b>	<b>(571)</b>	<b>(290)</b>	<b>49</b>	<b>52</b>	<b>(1,175)</b>	<b>(1,172)</b>	<b>(0)</b>	<b>(1,310)</b>
Shares out (end Q, m)	3,594	3,594	3,594	3,594	3,594	0	0	3,594	3,594	0	3,594
<b>Core EPS</b>	<b>(0.17)</b>	<b>(0.10)</b>	<b>(0.12)</b>	<b>(0.15)</b>	<b>(0.08)</b>	<b>47</b>	<b>51</b>	<b>(0.43)</b>	<b>(0.35)</b>	<b>nm</b>	<b>(0.36)</b>
<b>EPS</b>	<b>(0.17)</b>	<b>(0.33)</b>	<b>(0.09)</b>	<b>(0.16)</b>	<b>(0.08)</b>	<b>49</b>	<b>52</b>	<b>(0.33)</b>	<b>(0.33)</b>	<b>nm</b>	<b>(0.36)</b>
COGS (Excl. depreciation)	(147)	(233)	(319)	(446)	(848)	90	476	(695)	(1,613)	132	(1,502)
Depreciation	(235)	(268)	(247)	(340)	(340)	0	45	(717)	(926)	29	(1,398)
EBITDA	(277)	(25)	(42)	(31)	225	(823)	(181)	(615)	153	(125)	(805)
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	(235)	(69)	(4)	2	19	17	na	(12)	10	nm	22
SG&A/Revenue	244	37	56	52	29	(23)	na	89	41	nm	45
EBITDA margin	(243)	(8)	(8)	(4)	15	19	na	(43)	5	nm	(21)
Net profit margin	(526)	(402)	(57)	(71)	(20)	51	na	(93)	(42)	nm	(35)
<b>Operating stats</b>											
<b>Self-Managed Hotels</b>											
OCC (%)	9.9	22.7	11.1	12.6	14.0						
ADR (THB)	3,940	4,048	2,705	2,949	2,500						
RevPAR (THB)	390	921	301	372	350						
<b>Outrigger Hotels</b>											
OCC (%)	8.2	13.7	9.9	5.9	7.0						
ADR (THB)	1,684	2,181	2,284	2,383	2,200						
RevPAR (THB)	138	298	225	141	154						
<b>Project Crossroads Hotels</b>											
OCC (%)	9.4	41.3	67.1	44.4	57.0						
ADR (THB)	7,704	7,149	8,287	8,088	9,847						
RevPAR (THB)	727	3,018	5,564	3,589	5,613						
<b>UK Hotels</b>											
OCC (%)	33.2	20.4	18.1	34.4	68.0						
ADR (THB)	2,273	2,248	2,173	2,837	3,053						
RevPAR (THB)	755	458	394	977	2,076						

1) Gross profit calculated by revenue – COGS including depreciation; 2) EBITDA calculated by operating profit + operating income + depreciation  
Sources: SHR; FSSIA estimates

## Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	(THB)	(THB)	(THB)	(THB)	(THB)	(THB)	(%)	(%)	(%)
Self-Managed - OCC rate (%)	25.0	55.0	72.9	25.0	55.0	72.9	-	-	-
Self-Managed - RevPAR	1,000	3,422	4,819	1,000	3,422	4,819	-	-	-
Outtrigger - OCC rate (%)	25.0	60.0	70.0	25.0	60.0	70.0	-	-	-
Outtrigger - RevPAR	700	2,916	4,253	700	2,916	4,253	-	-	-
Project Crossroads - OCC rate (%)	65.0	65.0	66.0	65.0	65.0	66.0	-	-	-
Project Crossroads - RevPAR	5,765	7,937	8,300	5,765	7,862	8,222	-	1.0	1.0
UK -OCC rate (%)	48	63	69	48	63	69	-	-	-
UK -RevPAR	1,097	1,627	1,790	1,097	1,556	1,730	-	4.6	3.5
Revenue (THB b)	3.7	7.0	8.2	3.7	6.8	8.1	-	2.1	1.5
EBITDA margin (%)	14.8	32.6	32.7	14.8	32.7	32.7	-	(0.1)	0.0
Core earnings (THB m)	(1,310)	99	410	(1,310)	70	385	-	41.0	6.5

Note: Change in % terms is represented in ppt change

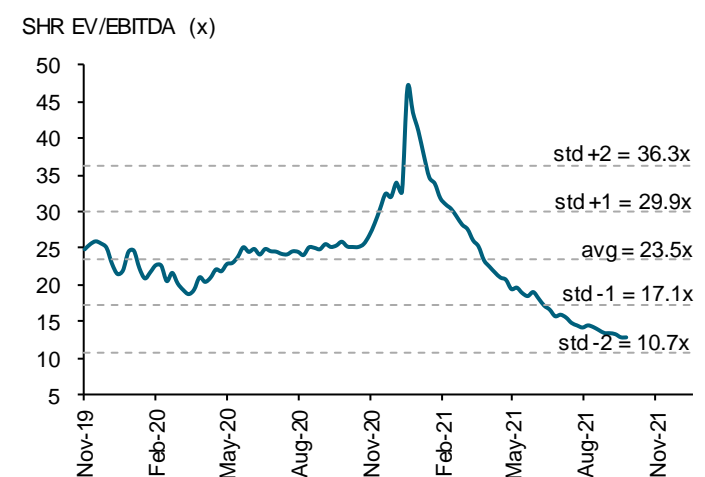
Source: FSSIA estimates

## Exhibit 9: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		4.0
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.3			
Cost of equity, Ke		13.2	Net cost of debt, Kd		3.2
Weight applied		60.0	Weight applied		40.0
WACC		9.2			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		14.5	4.0	WACC 9.2%, risk-free rate 3%, risk premium 8%	
Terminal value		17.7	4.9	Terminal growth 2.5%	
Cash & liquid assets		2.0	0.5	At end-2022E	
Investments		0.1	0.0	At end-2022E	
Debt		(17.7)	(4.9)	At end-2022E	
Minorities		0.0	0.0	At end-2022E	
<b>Residual ordinary equity</b>		<b>16.5</b>	<b>4.6</b>		

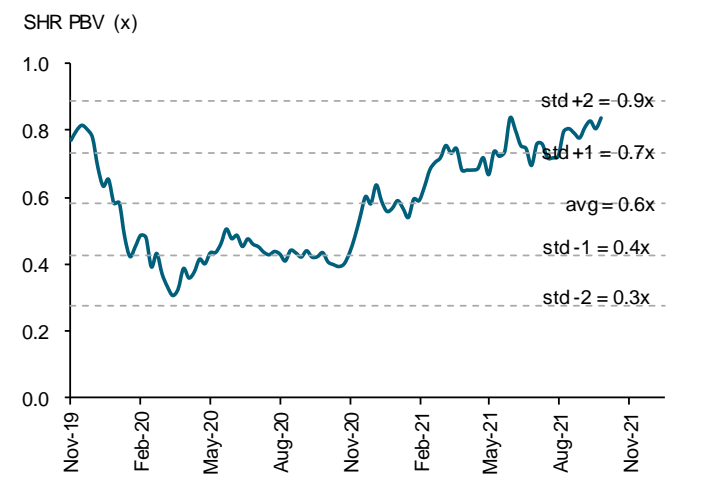
Source: FSSIA estimates

## Exhibit 10: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates



## Financial Statements

### S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	3,818	1,563	3,707	6,989	8,231
Cost of goods sold	(1,815)	(683)	(1,502)	(2,853)	(3,324)
<b>Gross profit</b>	<b>2,004</b>	<b>880</b>	<b>2,205</b>	<b>4,136</b>	<b>4,907</b>
Other operating income	-	-	-	-	-
Operating costs	(1,082)	(1,480)	(1,658)	(1,858)	(2,214)
<b>Operating EBITDA</b>	<b>922</b>	<b>(600)</b>	<b>547</b>	<b>2,278</b>	<b>2,694</b>
Depreciation	(676)	(986)	(1,398)	(1,425)	(1,446)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>246</b>	<b>(1,586)</b>	<b>(851)</b>	<b>854</b>	<b>1,248</b>
Net financing costs	(425)	(377)	(632)	(800)	(754)
Associates	20	(172)	(20)	(11)	(43)
Recurring non-operating income	220	51	61	73	44
Non-recurring items	(369)	(462)	0	0	0
<b>Profit before tax</b>	<b>(327)</b>	<b>(2,374)</b>	<b>(1,421)</b>	<b>126</b>	<b>537</b>
Tax	(140)	4	111	(27)	(128)
<b>Profit after tax</b>	<b>(467)</b>	<b>(2,371)</b>	<b>(1,310)</b>	<b>99</b>	<b>410</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(467)</b>	<b>(2,371)</b>	<b>(1,310)</b>	<b>99</b>	<b>410</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>369</b>	<b>462</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(98)</b>	<b>(1,908)</b>	<b>(1,310)</b>	<b>99</b>	<b>410</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.03)	(0.53)	(0.36)	0.03	0.11
Reported EPS	(0.13)	(0.66)	(0.36)	0.03	0.11
DPS	0.00	0.00	0.00	0.01	0.05
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
<b>Growth</b>					
Revenue (%)	48.2	(59.1)	137.2	88.5	17.8
Operating EBITDA (%)	33.5	nm	nm	316.3	18.2
Operating EBIT (%)	(20.2)	nm	nm	nm	46.2
Recurring EPS (%)	nm	nm	nm	nm	315.1
Reported EPS (%)	nm	nm	nm	nm	315.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	34.8	(6.7)	21.8	38.8	42.1
Gross margin of key business (%)	34.8	(6.7)	21.8	38.8	42.1
Operating EBITDA margin (%)	24.1	(38.4)	14.8	32.6	32.7
Operating EBIT margin (%)	6.4	(101.5)	(23.0)	12.2	15.2
Net margin (%)	(2.6)	(122.1)	(35.4)	1.4	5.0
Effective tax rate (%)	658.2	0.2	20.0	20.0	22.0
Dividend payout on recurring profit (%)	-	-	-	40.0	40.0
Interest cover (X)	1.1	(4.1)	(1.2)	1.2	1.7
Inventory days	44.7	127.9	68.4	71.7	87.3
Debtor days	24.6	39.7	8.8	6.6	5.6
Creditor days	239.5	615.3	228.4	239.7	291.8
Operating ROIC (%)	(7.3)	(7.9)	(2.7)	2.3	3.3
ROIC (%)	(11.9)	(6.6)	(2.2)	2.3	3.2
ROE (%)	(0.7)	(11.4)	(8.4)	0.6	2.6
ROA (%)	(9.2)	(5.4)	(2.5)	2.0	2.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Self-managed	995	329	385	1,329	1,895
Outrigger	2,444	607	207	862	1,257
Crossroads Ph1 (Maldives hotels)	379	627	1,503	1,906	1,994
UK	0	0	1,611	2,891	3,085

Sources: S Hotels and Resorts; FSSIA estimates



## Financial Statements

### S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(98)	(1,908)	(1,310)	99	410
Depreciation	676	986	1,398	1,425	1,446
Associates & minorities	-	-	-	-	-
Other non-cash items	(219)	(497)	(600)	0	0
Change in working capital	644	(1,357)	(363)	(383)	(169)
<b>Cash flow from operations</b>	<b>1,003</b>	<b>(2,776)</b>	<b>(875)</b>	<b>1,141</b>	<b>1,686</b>
Capex - maintenance	(3,441)	(116)	(11,342)	(419)	(494)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	49	(186)	1,863	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(3,393)</b>	<b>(302)</b>	<b>(9,479)</b>	<b>(419)</b>	<b>(494)</b>
Dividends paid	0	0	0	0	(39)
Equity finance	7,271	26	(31)	0	0
Debt finance	(2,183)	1,769	9,013	(900)	(1,200)
Other financing cash flows	(905)	29	1,018	0	0
<b>Cash flow from financing</b>	<b>4,184</b>	<b>1,824</b>	<b>10,000</b>	<b>(900)</b>	<b>(1,239)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>1,794</b>	<b>(1,255)</b>	<b>(354)</b>	<b>(179)</b>	<b>(47)</b>
Free cash flow to firm (FCFF)	(1,965.51)	(2,701.00)	(9,722.52)	1,521.16	1,946.22
Free cash flow to equity (FCFE)	(5,477.52)	(1,280.72)	(323.50)	(178.74)	(7.49)

#### Per share (THB)

FCFF per share	(0.55)	(0.75)	(2.71)	0.42	0.54
FCFE per share	(1.52)	(0.36)	(0.09)	(0.05)	0.00
Recurring cash flow per share	0.10	(0.39)	(0.14)	0.42	0.52

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	23,204	25,004	36,350	36,769	37,263
Less: Accumulated depreciation	(2,247)	(4,910)	(6,309)	(7,734)	(9,180)
<b>Tangible fixed assets (net)</b>	<b>20,957</b>	<b>20,093</b>	<b>30,041</b>	<b>29,035</b>	<b>28,083</b>
<b>Intangible fixed assets (net)</b>	<b>1,112</b>	<b>1,023</b>	<b>1,619</b>	<b>1,619</b>	<b>1,619</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,796	1,982	119	119	119
Cash & equivalents	3,747	2,493	2,138	1,960	1,913
A/C receivable	288	52	126	126	126
Inventories	303	176	387	735	856
Other current assets	789	918	2,177	4,104	4,833
<b>Current assets</b>	<b>5,127</b>	<b>3,638</b>	<b>4,828</b>	<b>6,925</b>	<b>7,728</b>
Other assets	171	381	381	381	381
<b>Total assets</b>	<b>29,162</b>	<b>27,117</b>	<b>36,988</b>	<b>38,079</b>	<b>37,930</b>
Common equity	17,923	15,676	15,353	15,451	15,822
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>17,923</b>	<b>15,676</b>	<b>15,353</b>	<b>15,451</b>	<b>15,822</b>
Long term debt	7,848	9,487	18,500	17,600	16,400
Other long-term liabilities	866	890	890	890	890
<b>Long-term liabilities</b>	<b>8,714</b>	<b>10,377</b>	<b>19,390</b>	<b>18,490</b>	<b>17,290</b>
A/C payable	1,714	587	1,292	2,455	2,860
Short term debt	0	130	130	130	130
Other current liabilities	811	347	824	1,553	1,829
<b>Current liabilities</b>	<b>2,525</b>	<b>1,064</b>	<b>2,245</b>	<b>4,138</b>	<b>4,819</b>
<b>Total liabilities and shareholders' equity</b>	<b>29,162</b>	<b>27,117</b>	<b>36,988</b>	<b>38,079</b>	<b>37,930</b>
Net working capital	(1,146)	211	574	957	1,126
Invested capital	22,889	23,690	32,734	32,111	31,329

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

#### Per share (THB)

Book value per share	4.99	4.36	4.27	4.30	4.40
Tangible book value per share	4.68	4.08	3.82	3.85	3.95

#### Financial strength

Net debt/equity (%)	22.9	45.4	107.4	102.1	92.4
Net debt/total assets (%)	14.1	26.3	44.6	41.4	38.5
Current ratio (x)	2.0	3.4	2.2	1.7	1.6
CF interest cover (x)	(11.9)	(2.4)	0.5	0.8	1.0

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>(134.5)</b>	<b>(6.9)</b>	<b>(10.1)</b>	<b>134.0</b>	<b>32.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(168.1)</b>	<b>(8.7)</b>	<b>(12.6)</b>	<b>167.5</b>	<b>40.3</b>
Reported P/E (x)	(28.3)	(5.6)	(10.1)	134.0	32.3
Dividend yield (%)	-	-	-	0.3	1.2
Price/book (x)	0.7	0.8	0.9	0.9	0.8
Price/tangible book (x)	0.8	0.9	1.0	1.0	0.9
EV/EBITDA (x) **	18.8	(33.9)	54.3	12.7	10.3
EV/EBITDA @ target price (x) **	22.4	(39.4)	60.3	14.2	11.6
EV/invested capital (x)	0.8	0.9	0.9	0.9	0.9

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

Sources: S Hotels and Resorts; 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	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	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	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	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

## 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	AMANAHA	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)

**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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

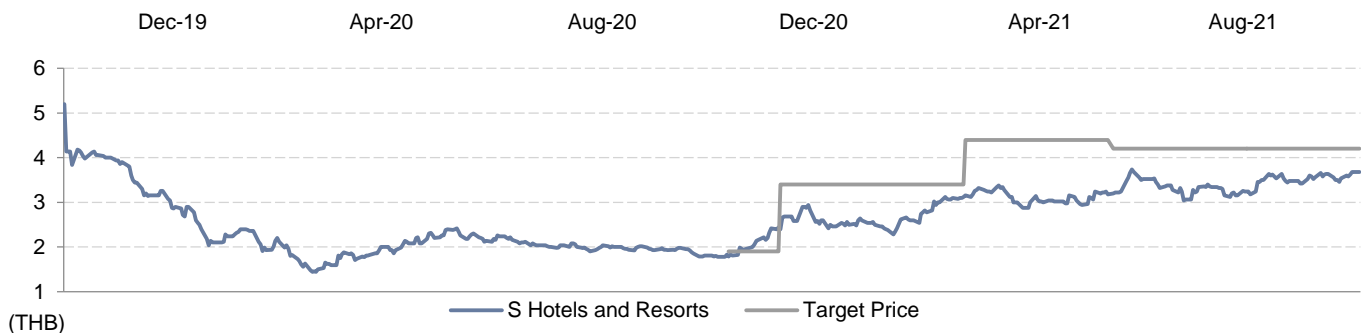
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### History of change in investment rating and/or target price

#### 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
S Hotels and Resorts	SHR TB	THB 3.68	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 11-Oct-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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