

# MINOR INTERNATIONAL

# MINT TB

THAILAND / TOURISM &amp; LEISURE

# BUY

UNCHANGED

TARGET PRICE	THB42.00
CLOSE	THB30.50
UP/DOWNSIDE	+37.7%
PRIOR TP	THB42.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+13.7%

## 2022 – the year of the turnaround

- Positive feedback from the conference.
- Limited impact from Omicron variant in 1Q22; European hotels a key growth factor for an earnings turnaround by 3Q22.
- Maintain BUY with 2022 DCF-based TP of THB42/shr; trading at an attractive 25x 2023E P/E, lower than its 5-year average of 31x.

### Expect European hotel operations to reach pre-Covid by 3Q22

We hosted our Financial Investment Conference on 25 Jan and invited MINT to the event. The overall feedback on the recovery outlook in 2022 was positive. The Omicron variant should have a limited impact on the hotel business as most countries' policies are leaning toward "living with Covid". European hotel operations should slow down in 1Q22 on the lowest tourism season, but should bounce back in 2Q-3Q22 when MINT expects RevPAR to potentially exceed the pre-Covid level. Thai hotels should recover after resuming the Test & Go scheme in Feb. Note that the OCC rate of Thai hotels improved to 36% in Dec-21 (from 25-26% in Oct to Nov) when Test & Go was first implemented in Thailand.

### Higher raw material cost to be offset by other cost savings

MINT expects higher raw material costs to impact its food business from 2Q22 onward, given that MINT has stocked raw materials until 1Q22. However, MINT expects to maintain its food business' EBITDA margin as other cost savings should offset the higher material cost. Note that the NPM of the food business was 4.7% in 9M21, in line with the pre-Covid level, despite 9M21 revenue being 15% below the pre-Covid level. In addition, the SSSG of Thai restaurants has turned positive in Jan and the momentum should continue throughout this year.

### Expect a smaller core loss of THB1.6b in 4Q21

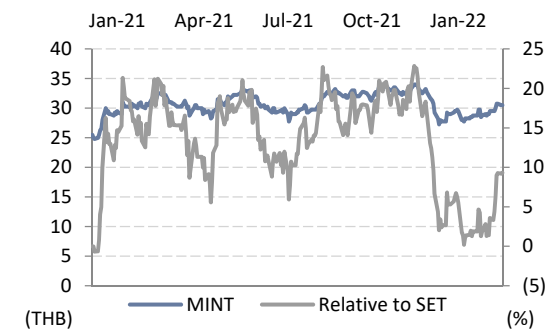
We expect MINT's 4Q21 core loss to narrow to THB1.6b from a THB2.4b loss in 3Q21. Although its 1Q22 operations should slow down from European hotels, we expect a strong recovery in 2Q22 onward. Thus, we expect MINT to turn profitable in 2022 and forecast its earnings to reach the pre-Covid level in 2023. Furthermore, we expect its net IBD/E to be lower than its debt covenant of 1.75x as of 4Q21. This should alleviate investors' concerns over its balance sheet.

### Catch-up play among global hotel operator stocks

MINT is trading at an attractive valuation of 25x 2023E P/E, lower than its 5-year average of 31x. MINT's share price is 14% below the pre-Covid level and is underperforming global hotel operators whose share prices have exceeded the pre-Covid level by 5%. This suggests a share price upside when MINT's operations turn around, in our view.

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	55,858	64,082	98,434	124,387
Net profit	(21,407)	(12,276)	2,402	6,826
EPS (THB)	(4.13)	(2.36)	0.46	1.22
vs Consensus (%)	-	nm	180.5	12.5
EBITDA	492	7,644	25,990	34,059
Core net profit	(19,388)	(12,276)	2,402	6,826
Core EPS (THB)	(3.74)	(2.36)	0.46	1.22
Chg. In EPS est. (%)	nm	nm	(0.3)	-
EPS growth (%)	nm	nm	nm	164.5
Core P/E (x)	(8.2)	(12.9)	66.0	25.0
Dividend yield (%)	-	-	0.5	1.4
EV/EBITDA (x)	757.2	48.8	13.9	10.8
Price/book (x)	2.4	2.9	2.8	3.3
Net debt/Equity (%)	268.3	325.0	296.9	314.3
ROE (%)	(27.2)	(20.2)	4.3	12.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.0	(6.2)	16.2
Relative to country (%)	7.8	(6.3)	7.2
Mkt cap (USD m)	4,828		
3m avg. daily turnover (USD m)	16.5		
Free float (%)	86		
Major shareholder	Minor Holdings (Thai) (16%)		
12m high/low (THB)	34.75/24.40		
Issued shares (m)	5,199.04		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

We believe MINT’s earnings have already passed the bottom and its operation is now in a recovery mode. Its food business and net profit turned positive in 3Q20, while we expect its hotel business’ net profit to turn positive by 3Q22.

MINT already solved its liquidity issue after raising capital of THB9.9b and issuing perpetual bonds worth USD300m. This should be sufficient to pass this crisis. In addition, MINT recently received approval for the extension of its financial covenant testing waiver from its creditors for another two years until the end of 2022.

We expect MINT’s core profit to return to the pre-Covid level by 2023, with a potential upside from a better EBITDA margin arising from cost-saving measures which should permanently reduce some expenses.

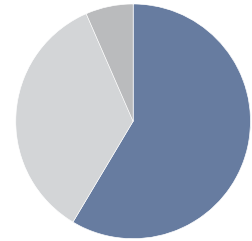
### Company profile

MINT is one of the largest hospitality and leisure companies in the Asia Pacific region.

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

### Principal activities (revenue, 2020)

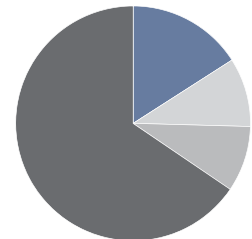
- Hotel & Mixed-use - 58.6 %
- F&B revenue - 34.9 %
- Retail revenue - 6.5 %



Source: Minor International

### Major shareholders

- Minor Holdings (Thai) - 15.9 %
- Niti Osathanugrah - 9.5 %
- Thai NVDR - 9.1 %
- Others - 65.5 %



Source: Minor International

### Catalysts

Key potential growth drivers include 1) a faster occupancy ramp-up rate following a global tourism recovery; 2) improving consumption and economic growth resulting in strong SSSG; and 3) an extensive rollout of Covid-19 vaccines.

### 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
February 2022	4Q21 results announcement

### Key assumptions

	2021E (%)	2022E (%)	2023E (%)
<b>Owned &amp; leased hotels</b>			
- Number of rooms (no.)	56,479	57,502	57,502
- Occupancy rate (OCC)	35	60	69
- RevPAR growth	42	92	35
<b>Food business</b>			
- Number of outlets (no.)	2,465	2,563	2,666
- Same-Store Sales Growth (SSSG)	2	4	2
- Total System Sales Growth (TSSG)	6	8	6

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in OCC, we project a 2023 profit increase of 5%, and vice versa, all else being equal.
- For every 1% increase in SSSG, we project a 2021 profit increase of 1%, and vice versa, all else being equal.

Source: FSSIA estimates

## 4Q21E results preview

We expect MINT to post a narrow loss q-q of THB1.6b in 4Q21 (vs a core loss of THB2.4b in 3Q21), led by the recovery of Thai hotels, the Thai food business and European hotels in Oct-21 before the entrance of the Omicron wave.

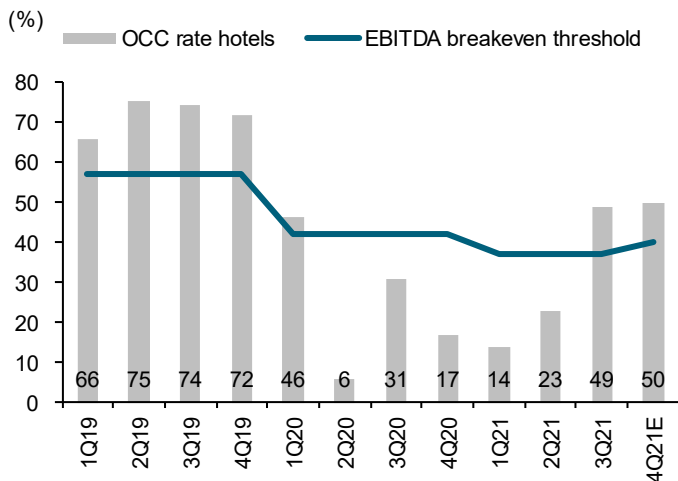
We expect Thai hotels' OCC rate to improve from 17% in 3Q21 to 30% in 4Q21, led by the pent-up demand of domestic travellers coupled with higher international tourist numbers, especially in Dec after Thailand reopened the country under the Test & Go scheme. Maldives hotels should also have strong performance with an OCC rate of c65-70% in 4Q21 from 55% in 3Q21.

European hotel performance should have improved in Oct with an OCC rate of c60%, but likely declined after being hit by the Omicron variant in Nov. Overall, we expect the OCC rate to slightly improve to 50% in 4Q21 from 49% in 3Q21, while ADR should improve to cEUR98, slightly below the pre-Covid level (4Q19) by 7%. As a result, we estimate NH Hotel Group (NHH) to post a smaller loss of THB0.5b in 4Q21 from the THB1.1b core loss in 3Q21.

MINT's food business should improve q-q. SSSG, despite being in negative territory, should improve from -7% y-y in 3Q21 to -2% y-y in 4Q21, driven by Thai restaurants whose SSSG should be flat y-y (from -8% y-y in 3Q21) after the easing of lockdown restrictions.

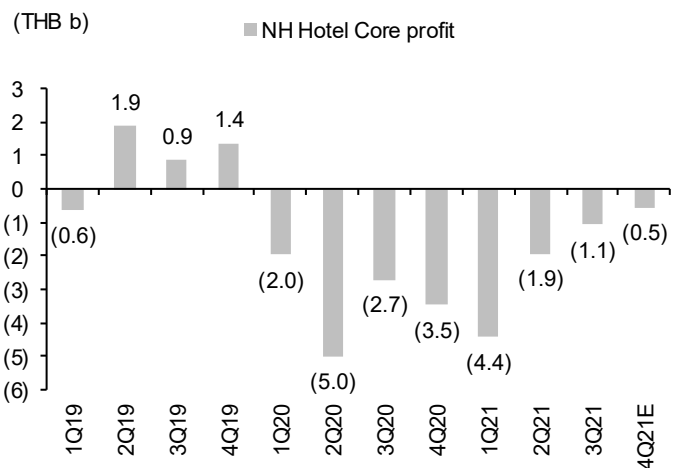
Overall, we expect MINT's EBITDA margin to improve from 22% in 3Q21 to 24% in 4Q21, leading to a smaller core loss q-q in 4Q21, which should be the best quarterly result since the Covid pandemic started.

**Exhibit 1: NHH OCC rate forecast**



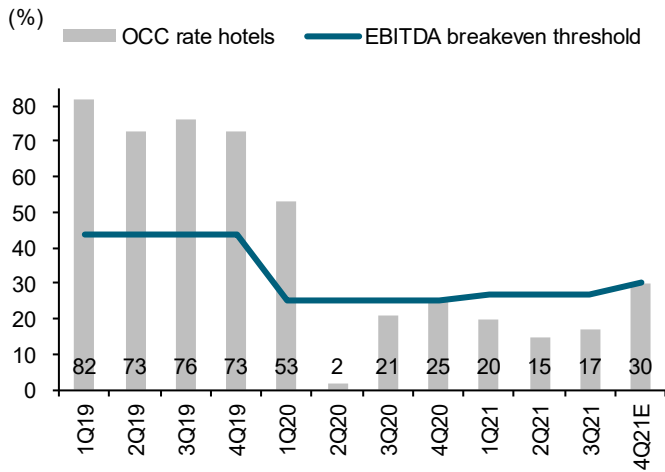
Note: EBITDA breakeven based on pre-TFRS16  
Sources: NHH; FSSIA estimates

**Exhibit 2: NHH core profit forecast**



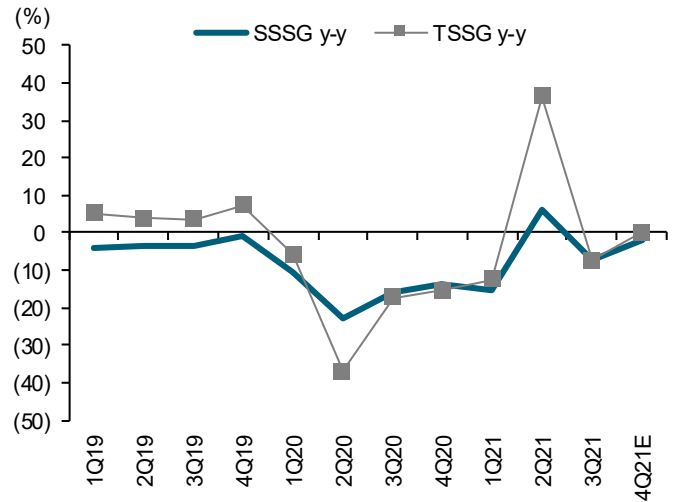
Sources: NHH; FSSIA estimates

**Exhibit 3: Thai hotels OCC rate forecast**



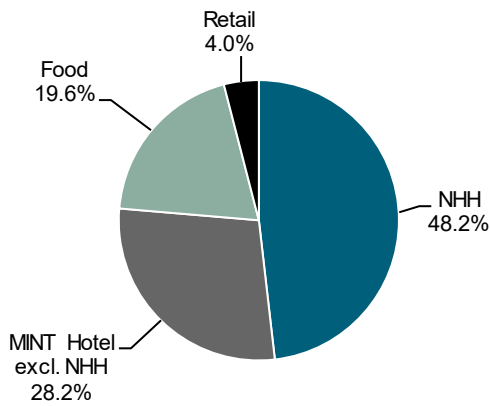
Note: EBITDA breakeven based on pre-TFRS16  
Sources: MINT; FSSIA estimates

**Exhibit 4: SSSG and TSSG**



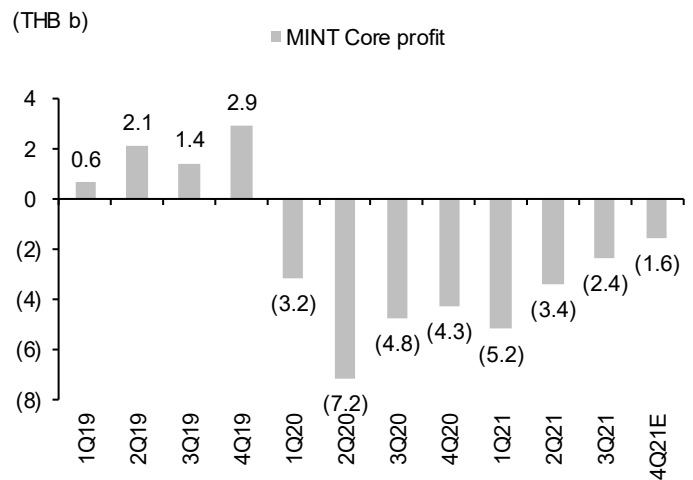
Sources: MINT; FSSIA estimates

**Exhibit 5: Revenue breakdown by portfolio as of 2019**



Sources: MINT; FSSIA estimates

**Exhibit 6: Core profit quarterly forecast**



Sources: MINT; FSSIA estimates

## Exhibit 7: 4Q21E results preview

	4Q20	1Q21	2Q21	3Q21	4Q21E	----- Change -----		2020	2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
<b>Sales</b>	<b>13,174</b>	<b>12,166</b>	<b>13,539</b>	<b>18,556</b>	<b>22,986</b>	<b>24</b>	<b>74</b>	<b>55,858</b>	<b>64,082</b>	<b>15</b>
-Hotel & Mixed-use	6,815	6,480	8,023	13,241	16,261	23	139	32,714	39,248	20
-Restaurant	5,287	4,943	4,964	4,775	5,799	21	10	19,491	20,643	6
-Retail	1,073	742	552	540	925	71	(14)	3,653	4,191	15
<b>COGS (incl. depreciation)</b>	<b>(11,870)</b>	<b>(10,056)</b>	<b>(10,584)</b>	<b>(12,816)</b>	<b>(15,250)</b>	<b>19</b>	<b>28</b>	<b>(47,254)</b>	<b>(49,681)</b>	<b>5</b>
<b>Gross profit</b>	<b>1,304</b>	<b>2,110</b>	<b>2,955</b>	<b>5,740</b>	<b>7,736</b>	<b>35</b>	<b>493</b>	<b>8,604</b>	<b>14,400</b>	<b>67</b>
SG&A	(5,881)	(6,939)	(7,759)	(7,757)	(8,000)	3	36	(26,715)	(25,633)	(4)
<b>Operating profit</b>	<b>(4,577)</b>	<b>(4,829)</b>	<b>(4,803)</b>	<b>(2,017)</b>	<b>(264)</b>	<b>87</b>	<b>94</b>	<b>(18,111)</b>	<b>(11,232)</b>	<b>38</b>
Net other income	694	469	1,997	1,214	694	(43)	0	2,165	2,166	0
Dividend income	0	0	0	0				1	0	42
Interest income	157	138	170	130	169	30	8	576	1,132	96
Interest expense	(1,398)	(1,995)	(2,265)	(2,163)	(2,300)	6	65	(7,452)	(7,890)	6
<b>Pretax profit</b>	<b>(5,124)</b>	<b>(6,217)</b>	<b>(4,901)</b>	<b>(2,837)</b>	<b>(1,702)</b>	<b>40</b>	<b>67</b>	<b>(22,822)</b>	<b>(15,824)</b>	<b>31</b>
Income Tax	429	493	1,362	438	136	(69)	(68)	2,601	2,500	(4)
Associates	72	(36)	(119)	(84)	(50)	(41)	(170)	(464)	248	(154)
Minority interest	353	549	264	116	50	(57)	(86)	1,296	800	(38)
<b>Core profit</b>	<b>(4,270)</b>	<b>(5,211)</b>	<b>(3,394)</b>	<b>(2,367)</b>	<b>(1,566)</b>	<b>34</b>	<b>63</b>	<b>(19,388)</b>	<b>(12,276)</b>	<b>37</b>
Extraordinaries, GW & FX	(1,321)	(2,039)	(530)	1,931				(2,019)	0	
<b>Reported net profit</b>	<b>(5,591)</b>	<b>(7,250)</b>	<b>(3,924)</b>	<b>(436)</b>	<b>(1,566)</b>	<b>(259)</b>	<b>72</b>	<b>(21,407)</b>	<b>(12,276)</b>	<b>43</b>
Shares out (end Q, m)	5,182	5,192	5,193	5,199	5,199	0	0	5,182	5,199	0
<b>Core EPS</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>(0.7)</b>	<b>(0.5)</b>	<b>(0.3)</b>	<b>34</b>	<b>63</b>	<b>(3.7)</b>	<b>(2.4)</b>	<b>41</b>
<b>EPS</b>	<b>(1.1)</b>	<b>(1.4)</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(259)</b>	<b>72</b>	<b>(4.1)</b>	<b>(2.4)</b>	<b>46</b>
COGS (excl. depreciation)	(7,946)	(5,255)	(5,521)	(7,747)	(10,050)	30	26	(28,652)	(30,805)	8
Depreciation	(3,923)	(4,801)	(5,063)	(5,069)	(5,200)	3	33	(18,602)	(18,876)	1
EBITDA	269	543	2,307	4,312	5,748	33	2,037	2,769	11,190	304
<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>
Gross margin	10	17	22	31	34	3	24	15	22	7
SG&A/Revenue	45	57	57	42	35	(7)	(10)	48	40	(8)
Total EBITDA margin	(0)	4	20	22	24	2	24	5	18	14
Net profit margin	(40)	(57)	(25)	(2)	(7)	(4)	33	(37)	(18)	19
<b>Operating stat</b>										
<b>Owned &amp; leased RevPAR (y-y %)</b>										
<b>Total</b>	<b>(80)</b>	<b>(76)</b>	<b>413</b>	<b>513</b>						
Thailand	(78)	(81)	609	(24)						
Maldives	(18)	(11)	nm	nm						
Europe & The Americas (NHH)	(82)	(77)	375	475						
<b>SSSG (y-y %)</b>										
<b>Total</b>	<b>(14)</b>	<b>(15)</b>	<b>6</b>	<b>(7)</b>						
Thailand	(17)	(28)	(14)	(8)						
China	3	75	28	(6)						
<b>TSSG (y-y %)</b>										
<b>Total</b>	<b>(16)</b>	<b>(12)</b>	<b>36</b>	<b>(8)</b>						
Thailand	(17)	(27)	6	(14)						
China	8	183	76	15						

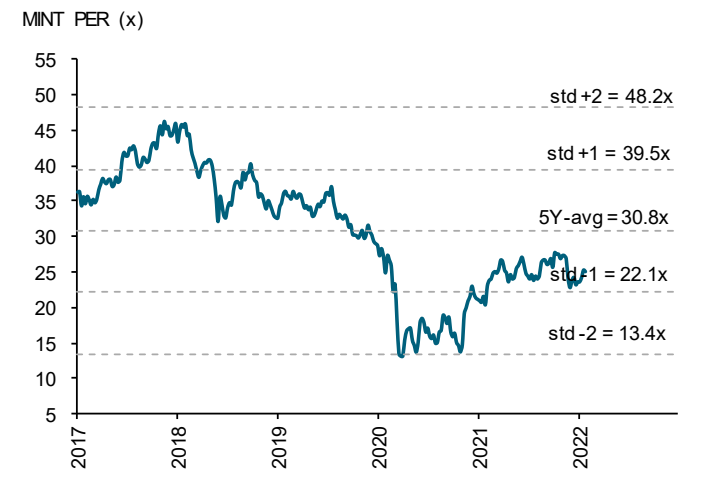
Sources: MINT; FSSIA estimates

**Exhibit 8: Share price compared to listed European hotels**

Ticker	Price performance			
	2020	2021	2022 YTD	Since 2020
MINT TB	(27.4)	11.7	6.1	(14.0)
NHH SM	(25.6)	(9.8)	3.3	(30.7)
MEL SM	(26.5)	3.1	6.5	(19.2)
IHG LN	(8.8)	0.2	(1.1)	(9.6)
WTB LN	(24.6)	(4.7)	(1.4)	(29.2)
Average	(22.59)	0.11	2.67	(20.54)

Source: Bloomberg

**Exhibit 10: Historical P/E band**



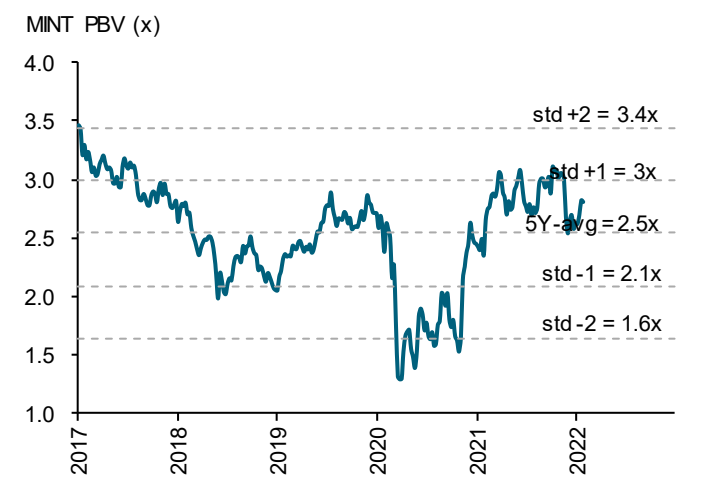
Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Share price compared to listed global hotels**

Ticker	Price performance			
	2020	2021	2022 YTD	Since 2020
MINT TB	(27.4)	11.7	6.1	(14.0)
ACRFF US	(23.4)	(11.7)	12.8	(23.7)
CHH US	1.1	46.9	(6.8)	38.4
HLT US	(1.1)	40.7	(8.1)	27.9
H US	(18.3)	29.0	(7.7)	(2.7)
MAR US	(14.1)	26.4	(4.7)	3.4
Average	(13.9)	23.82	(1.42)	4.88

Source: Bloomberg

**Exhibit 11: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 12: Peers comparison as of 25 Jan 2021**

Company	BBG	Rec	Share price		Up side (%)	Market Cap (USD m)	PE			PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)			21E (x)	22E (x)	23E (x)	21E (%)	22E (%)	21E (x)	22E (x)
<b>Thailand</b>													
Asset World Corp Pcl	AWC TB	BUY	4.72	5.60	19	4,585	(61.6)	517.3	70.6	2.0	2.0	3,557.4	64.5
Minor International Pcl	MINT TB	BUY	30.50	42.00	38	4,828	(12.9)	66.0	25.0	2.9	2.8	48.8	13.9
Central Plaza Hotel Pcl	CENDEL TB	BUY	33.25	40.00	20	1,363	(21.9)	133.7	23.9	2.6	2.5	45.5	16.0
Erawan Group Pcl/The S Hotels & Resorts Pcl	ERW TB	BUY	3.08	4.00	30	424	(7.0)	(139.4)	35.5	2.3	2.4	(46.2)	19.8
	SHR TB	BUY	3.36	4.60	37	367	(9.2)	122.3	28.6	0.8	0.8	52.2	12.2
<b>Thailand average</b>						<b>11,566</b>	<b>(22.5)</b>	<b>140.0</b>	<b>36.7</b>	<b>2.1</b>	<b>2.1</b>	<b>731.5</b>	<b>25.3</b>
<b>Regional</b>													
Shanghai Jin Jiang Capital-H	2006 HK	n/a	2.91	n/a	n/a	2,081	n/a	35.8	76.2	1.3	1.3	n/a	n/a
Btg Hotels Group Co Ltd-A	600258 CH	n/a	27.09	n/a	n/a	4,696	84.3	27.0	19.9	3.0	2.7	34.9	18.5
Sh Jinjiang Intl Hotels - B	900934 CH	n/a	1.99	n/a	n/a	8,687	34.3	9.1	6.5	0.9	0.8	41.4	22.4
Huangshan Tourism Develop-B	900942 CH	n/a	0.73	n/a	n/a	983	45.7	12.9	9.7	0.8	0.7	27.4	9.2
Genting Bhd	GENT MK	n/a	4.38	n/a	n/a	4,070	n/a	13.2	10.0	0.5	0.5	15.6	7.5
Greentree Hospitality Gr-Adr	GHG US	n/a	5.97	n/a	n/a	615	13.1	9.6	7.3	1.5	1.4	7.0	4.9
Huazhu Group Ltd-Adr	HTHT US	n/a	38.51	n/a	n/a	12,583	695.7	40.4	25.5	7.0	6.1	46.9	18.4
Indian Hotels Co Ltd	IH IN	n/a	197.85	n/a	n/a	3,497	n/a	n/a	59.3	6.7	6.2	n/a	64.9
Lemon Tree Hotels Ltd	LEMONTRE IN	n/a	46.95	n/a	n/a	498	n/a	n/a	66.7	5.4	4.4	94.7	39.1
Lippo Karawaci Tbk Pt	LPKR IJ	n/a	129.00	n/a	n/a	658	n/a	36.5	12.2	0.5	0.5	8.2	10.1
<b>Regional average</b>						<b>38,368</b>	<b>174.6</b>	<b>23.1</b>	<b>29.3</b>	<b>2.8</b>	<b>2.5</b>	<b>34.5</b>	<b>21.7</b>
<b>Overall average</b>						<b>49,933</b>	<b>76.0</b>	<b>68.0</b>	<b>31.8</b>	<b>2.5</b>	<b>2.3</b>	<b>302.6</b>	<b>23.0</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Minor International

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	118,613	55,858	64,082	98,434	124,387
Cost of goods sold	(55,521)	(28,652)	(30,805)	(34,055)	(42,066)
<b>Gross profit</b>	<b>63,091</b>	<b>27,206</b>	<b>33,276</b>	<b>64,379</b>	<b>82,321</b>
Other operating income	-	-	-	-	-
Operating costs	(45,002)	(26,715)	(25,633)	(38,389)	(48,262)
<b>Operating EBITDA</b>	<b>18,090</b>	<b>492</b>	<b>7,644</b>	<b>25,990</b>	<b>34,059</b>
Depreciation	(9,181)	(18,602)	(18,876)	(19,405)	(21,274)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>8,908</b>	<b>(18,111)</b>	<b>(11,232)</b>	<b>6,585</b>	<b>12,784</b>
Net financing costs	(3,360)	(6,876)	(6,758)	(6,848)	(6,912)
Associates	828	(464)	248	662	745
Recurring non-operating income	4,051	1,701	2,414	3,403	3,568
Non-recurring items	3,638	(2,019)	0	0	0
<b>Profit before tax</b>	<b>13,238</b>	<b>(25,305)</b>	<b>(15,576)</b>	<b>3,139</b>	<b>9,440</b>
Tax	(2,244)	2,601	2,500	(619)	(2,348)
<b>Profit after tax</b>	<b>10,994</b>	<b>(22,703)</b>	<b>(13,076)</b>	<b>2,520</b>	<b>7,093</b>
Minority interests	(296)	1,296	800	(118)	(267)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>10,698</b>	<b>(21,407)</b>	<b>(12,276)</b>	<b>2,402</b>	<b>6,826</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(3,638)</b>	<b>2,019</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,060</b>	<b>(19,388)</b>	<b>(12,276)</b>	<b>2,402</b>	<b>6,826</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.53	(3.74)	(2.36)	0.46	1.22
Reported EPS	2.32	(4.13)	(2.36)	0.46	1.22
DPS	0.00	0.00	0.00	0.16	0.42
Diluted shares (used to calculate per share data)	4,619	5,182	5,199	5,199	5,588
<b>Growth</b>					
Revenue (%)	58.3	(52.9)	14.7	53.6	26.4
Operating EBITDA (%)	45.6	(97.3)	1,455.1	240.0	31.0
Operating EBIT (%)	35.7	nm	nm	nm	94.2
Recurring EPS (%)	23.3	nm	nm	nm	164.5
Reported EPS (%)	137.3	nm	nm	nm	164.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	45.5	15.4	22.5	45.7	49.1
Gross margin of key business (%)	45.5	15.4	22.5	45.7	49.1
Operating EBITDA margin (%)	15.3	0.9	11.9	26.4	27.4
Operating EBIT margin (%)	7.5	(32.4)	(17.5)	6.7	10.3
Net margin (%)	6.0	(34.7)	(19.2)	2.4	5.5
Effective tax rate (%)	25.6	11.4	27.0	25.0	27.0
Dividend payout on recurring profit (%)	-	-	-	34.0	34.0
Interest cover (X)	3.9	(2.4)	(1.3)	1.5	2.4
Inventory days	25.8	49.8	45.3	44.7	42.4
Debtor days	46.9	91.0	70.0	45.6	36.1
Creditor days	130.9	225.1	188.2	185.7	176.5
Operating ROIC (%)	3.5	(6.9)	(2.9)	1.8	3.6
ROIC (%)	4.3	(5.5)	(2.1)	2.5	4.2
ROE (%)	9.6	(27.2)	(20.2)	4.3	12.6
ROA (%)	3.8	(4.7)	(2.3)	2.3	3.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel & Mixed-use	91,030	32,714	39,248	71,330	95,613
F&B revenue	22,666	19,491	20,643	22,294	23,632
Retail revenue	4,917	3,653	4,191	4,810	5,142

Sources: Minor International; FSSIA estimates

## Financial Statements

### Minor International

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	7,060	(19,388)	(12,276)	2,402	6,826
Depreciation	9,181	18,602	18,876	19,405	21,274
Associates & minorities	-	-	-	-	-
Other non-cash items	(735)	(2,368)	(800)	118	267
Change in working capital	(452)	(4,216)	402	(652)	1,762
<b>Cash flow from operations</b>	<b>15,054</b>	<b>(7,369)</b>	<b>6,202</b>	<b>21,273</b>	<b>30,129</b>
Capex - maintenance	(17,353)	(114,585)	(7,000)	(11,000)	(10,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	23,217	(1,234)	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>5,864</b>	<b>(115,818)</b>	<b>(7,000)</b>	<b>(11,000)</b>	<b>(10,000)</b>
Dividends paid	(1,848)	0	0	0	(817)
Equity finance	14	18,022	0	0	(12,187)
Debt finance	(14,521)	118,568	(11,000)	(13,000)	(13,000)
Other financing cash flows	(3,992)	(545)	0	0	0
<b>Cash flow from financing</b>	<b>(20,347)</b>	<b>136,045</b>	<b>(11,000)</b>	<b>(13,000)</b>	<b>(26,003)</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>571</b>	<b>12,857</b>	<b>(11,798)</b>	<b>(2,727)</b>	<b>(5,874)</b>
Free cash flow to firm (FCFF)	24,999.40	(115,735.09)	7,092.25	17,743.41	27,545.28
Free cash flow to equity (FCFE)	2,404.91	(5,164.81)	(11,798.18)	(2,727.02)	7,128.97

#### Per share (THB)

FCFF per share	4.81	(22.26)	1.36	3.41	5.30
FCFE per share	0.46	(0.99)	(2.27)	(0.52)	1.37
Recurring cash flow per share	3.36	(0.61)	1.12	4.22	5.08

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	267,195	369,508	376,508	387,508	397,508
Less: Accumulated depreciation	(83,107)	(89,194)	(108,070)	(127,475)	(148,749)
<b>Tangible fixed assets (net)</b>	<b>184,088</b>	<b>280,314</b>	<b>268,438</b>	<b>260,033</b>	<b>248,759</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	14,818	16,052	16,052	16,052	16,052
Cash & equivalents	13,331	26,188	14,390	11,663	5,789
A/C receivable	15,554	12,286	12,286	12,286	12,286
Inventories	4,139	3,683	3,959	4,377	5,407
Other current assets	5,575	9,908	11,367	17,460	22,063
<b>Current assets</b>	<b>38,599</b>	<b>52,064</b>	<b>42,002</b>	<b>45,786</b>	<b>45,545</b>
Other assets	16,679	13,896	13,896	13,896	13,896
<b>Total assets</b>	<b>254,184</b>	<b>362,327</b>	<b>340,388</b>	<b>335,767</b>	<b>324,252</b>
Common equity	75,461	66,981	54,705	57,106	50,929
Minorities etc.	10,407	9,343	8,543	8,661	8,928
<b>Total shareholders' equity</b>	<b>85,868</b>	<b>76,324</b>	<b>63,248</b>	<b>65,768</b>	<b>59,857</b>
Long term debt	112,073	230,800	219,800	206,800	193,800
Other long-term liabilities	30,322	33,048	33,048	33,048	33,048
<b>Long-term liabilities</b>	<b>142,395</b>	<b>263,849</b>	<b>252,849</b>	<b>239,849</b>	<b>226,849</b>
A/C payable	20,036	15,310	16,461	18,198	22,479
Short term debt	300	140	140	140	140
Other current liabilities	5,584	6,703	7,690	11,812	14,926
<b>Current liabilities</b>	<b>25,920</b>	<b>22,154</b>	<b>24,291</b>	<b>30,150</b>	<b>37,546</b>
<b>Total liabilities and shareholders' equity</b>	<b>254,184</b>	<b>362,327</b>	<b>340,388</b>	<b>335,767</b>	<b>324,252</b>
Net working capital	(352)	3,863	3,461	4,113	2,351
Invested capital	215,233	314,125	301,847	294,094	281,058

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

#### Per share (THB)

Book value per share	16.34	12.92	10.52	10.98	9.11
Tangible book value per share	16.34	12.92	10.52	10.98	9.11

#### Financial strength

Net debt/equity (%)	115.3	268.3	325.0	296.9	314.3
Net debt/total assets (%)	39.0	56.5	60.4	58.2	58.0
Current ratio (x)	1.5	2.4	1.7	1.5	1.2
CF interest cover (x)	1.7	0.2	(0.7)	0.6	2.0

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>20.0</b>	<b>(8.2)</b>	<b>(12.9)</b>	<b>66.0</b>	<b>25.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>27.5</b>	<b>(11.2)</b>	<b>(17.8)</b>	<b>90.9</b>	<b>34.4</b>
Reported P/E (x)	13.2	(7.4)	(12.9)	66.0	25.0
Dividend yield (%)	-	-	-	0.5	1.4
Price/book (x)	1.9	2.4	2.9	2.8	3.3
Price/tangible book (x)	1.9	2.4	2.9	2.8	3.3
EV/EBITDA (x) **	13.8	757.2	48.8	13.9	10.8
EV/EBITDA @ target price (x) **	16.8	878.4	56.6	16.2	12.7
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.3

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

Sources: Minor International; 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	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	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)

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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**

**Minor International (MINT TB)**



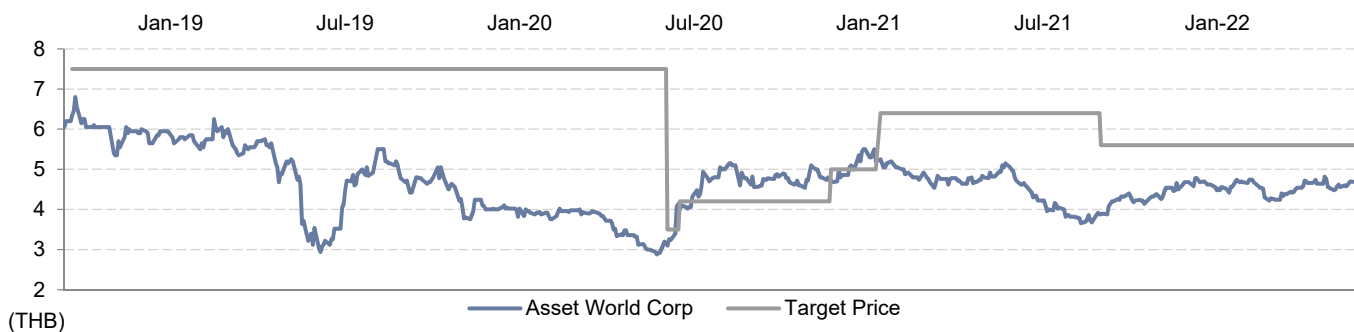
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Mar-2019	HOLD	40.00	03-Nov-2020	BUY	24.00	13-May-2021	BUY	38.00
26-Nov-2019	HOLD	38.00	18-Nov-2020	BUY	29.00	12-Oct-2021	BUY	42.00
20-Dec-2019	HOLD	37.00	08-Mar-2021	BUY	40.00			

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)**



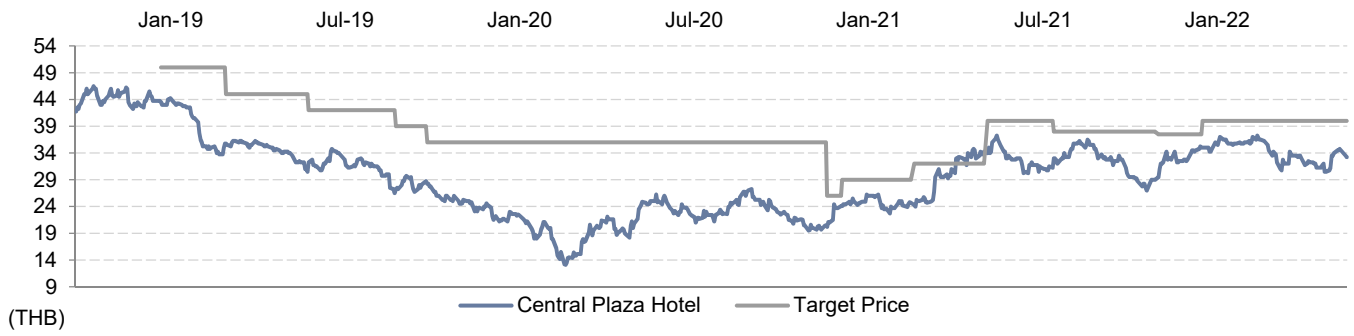
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Oct-2019	BUY	7.50	11-Nov-2020	HOLD	4.20	19-Mar-2021	BUY	6.40
03-Nov-2020	HOLD	3.50	17-Feb-2021	HOLD	5.00	11-Aug-2021	BUY	5.60

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

Price and TP are in local currency

Source: FSSIA estimates

**Central Plaza Hotel (CENTEL TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Apr-2019	BUY	50.00	26-Nov-2019	BUY	36.00	19-Mar-2021	BUY	40.00
06-Jun-2019	BUY	45.00	03-Nov-2020	BUY	26.00	17-May-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	22-Sep-2021	BUY	40.00

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)**



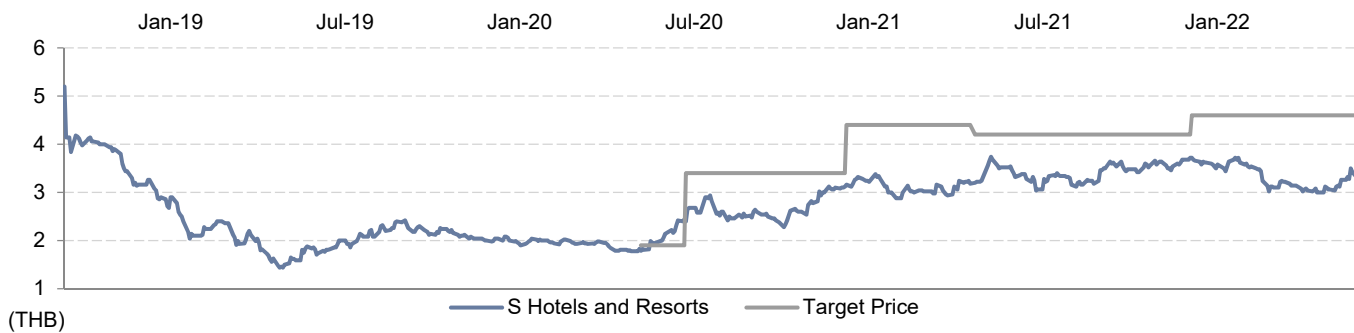
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	2.50	01-Mar-2021	BUY	5.30	17-Aug-2021	BUY	3.50
19-Nov-2020	HOLD	3.30	17-May-2021	BUY	3.60	12-Oct-2021	BUY	4.00

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	12-Oct-2021	BUY	4.60
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
Minor International	MINT TB	THB 30.50	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 4.72	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.
Central Plaza Hotel	CEN TEL TB	THB 33.25	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 3.08	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 3.36	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 25-Jan-2022 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.