

S HOTELS AND RESORTS

THAILAND / TOURISM & LEISURE

SHR TB

BUY

UNCHANGED

ทำไมมีความชัดเจนเพิ่มขึ้นกว่าในอดีต

- ผลกระทบจำกัดจากสงครามระหว่างรัสเซียและยูเครน
- คาดผลการดำเนินงานจะพลิกฟื้นในปีนี้; สิทธิประโยชน์โรงแรมในปัจจุบันมีโอกาสสร้างกำไรได้มากถึง 0.7-0.9 พัน ลบ.
- คงแนะนำซื้อหลังปรับเพิ่มราคาเป้าหมายเป็น 5.2 บาท/หุ้น (DCF); การประเมินมูลค่าอยู่ในระดับต่ำเพียง 0.8x ของค่า 2022E P/BV และ 17-24x ของค่า 2023-24E P/E

TARGET PRICE	THB5.20
CLOSE	THB3.40
UP/DOWNSIDE	+52.9%
PRIOR TP	THB4.60
CHANGE IN TP	+13.0%
TP vs CONSENSUS	+1.0%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,512	8,155	9,598	10,196
Net profit	(1,234)	117	512	709
EPS (THB)	(0.34)	0.03	0.14	0.20
vs Consensus (%)	-	20.0	23.9	53.8
EBITDA	363	1,937	2,508	2,757
Core net profit	(1,229)	117	512	709
Core EPS (THB)	(0.34)	0.03	0.14	0.20
Chg. In EPS est. (%)	nm	18.1	24.9	nm
EPS growth (%)	nm	nm	339.1	38.6
Core P/E (x)	(9.9)	104.8	23.9	17.2
Dividend yield (%)	-	0.4	1.7	2.3
EV/EBITDA (x)	78.2	12.6	9.0	7.6
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	101.9	76.2	62.4	52.4
ROE (%)	(7.8)	0.7	3.2	4.3

โรงแรมในมัลดีฟส์และสหราชอาณาจักรมีผลประกอบการที่ดีในเดือน ม.ค.-ก.พ.

อัตราการเข้าพักของโรงแรมในมัลดีฟส์ยังอยู่ในระดับสูงที่ 70-77% ในเดือน ม.ค.-ก.พ. (เทียบกับ 63% ใน 4Q21) ในขณะที่โรงแรมในสหราชอาณาจักร รายงานอัตราการเข้าพักลดลงเหลือ 40-50% ในช่วงดังกล่าว (เทียบกับ 57% ใน 4Q21) เราคาดว่าจะเห็นผลกระทบของสงครามระหว่างรัสเซียและยูเครนตั้งแต่เดือน มี.ค. เป็นต้นไป อย่างไรก็ตาม ผลกระทบดังกล่าวน่าจะจำกัดเนื่องจากมีเพียงแค่พอร์ตในมัลดีฟส์ที่มีสัดส่วนนักท่องเที่ยวรัสเซียในระดับสูง (16% ในปี 2021) การยกเลิกการจองห้องพักน่าจะกระทบอัตราการเข้าพักของโรงแรมในมัลดีฟส์น้อยกว่า 5% และ SHR เชื่อว่าอัตราการเข้าพักที่หายไปจะทดแทนได้ด้วยนักท่องเที่ยวจากประเทศยุโรปอื่น ๆ รวมถึงอินเดีย สิงคโปร์และออสเตรเลีย

RevPAR ในปี 2022 น่าจะสูงกว่าระดับก่อน Covid

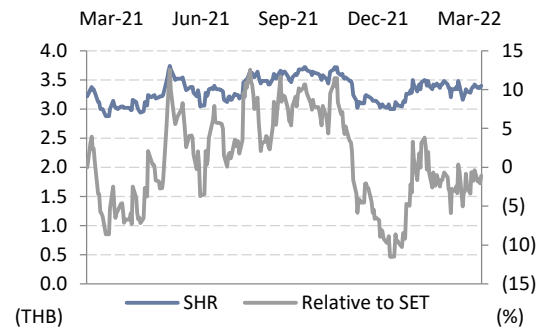
เราคาดว่าอัตราการเข้าพักจะเพิ่มจาก 41% ในปี 2021 เป็น 62% ในปี 2022 ในขณะที่อัตราค่าห้องพักรายวันเฉลี่ยน่าจะปรับตัวดีขึ้น 18% ด้วยเหตุดังกล่าว 2022 RevPAR น่าจะสูงกว่าระดับก่อน Covid อยู่ 12% ฟันตัวนำโดยโรงแรมในมัลดีฟส์และสหราชอาณาจักร เราคาดว่ารายได้จะโต 81% เป็น 8.2 พัน ลบ. ในปี 2022 และ EBITDA (รวมรายได้อื่น) จะโตสูงถึง 4x เป็น 2.1 พัน ลบ. ซึ่งค่อนข้างใกล้เคียงกับเป้าของผู้บริหาร ปัจจุบันดังกล่าวจะทำให้กำไรพลิกฟื้นได้ในปีนี้

มีโอกาสทำกำไรสูงถึง 0.9 พัน ลบ. โดยไม่รวมการซื้อและควมรวมกิจการ

ความกังวลของตลาดอยู่ที่ว่า SHR ไม่มีกำไรในปี 2019 เนื่องจากบริษัท รายงานผลขาดทุนปกติ 0.1 พัน ลบ. ในปีดังกล่าวเนื่องจากโรงแรมในมัลดีฟส์เปิดใน 4Q19 เพราะฉะนั้นเราจึงเทียบผลประกอบการของ SHR กับบริษัทอื่นในกลุ่มฯ เพื่อหาค่าศักยภาพของกำไรของ SHR โดยเราคาดว่ารายได้จะกระโดดเป็น 8.2-9.6 พัน ลบ. ในปี 2023-24 ขนาดของรายได้ดังกล่าวจะใกล้เคียงกับรายได้ของ CENTEL ในปี 2019 ที่ 8.4 พัน ลบ. และสูงกว่าของ ERW ที่ 6.4 พัน ลบ. ในซาว์ปี 2019 ด้วยลักษณะของ EBITDA margin ที่คล้ายกัน โดยเป้าสูงสุดของ SHR จะอยู่ที่ 27-32% เทียบกับ 29-31% ที่ CENTEL และ ERW รายงานในปี 2019 เพราะฉะนั้นเราจึงสรุปว่าศักยภาพของกำไรปกติของ SHR น่าจะอยู่ที่ 0.7-0.9 พัน ลบ. ซึ่งอยู่ระหว่างกำไรของ ERW ที่ 0.5 พัน ลบ. และกำไรของธุรกิจโรงแรมของ CENTEL ที่ 1.1 พัน ลบ. ในปี 2019 เราคาดว่ากำไรปกติของ SHR จะปรับขึ้นสู่ระดับดังกล่าวในปี 2024

ปรับเพิ่มประมาณการกำไรจากกำไรที่ชัดเจนมากยิ่งขึ้น

เราปรับเพิ่มประมาณการกำไรปกติปี 2022-24 อีก 4-25% เพื่อสะท้อนแนวโน้มที่ดีขึ้นและกำไรที่ชัดเจนมากขึ้นหลังเทียบผลประกอบการของ SHR กับบริษัทอื่นในกลุ่มฯ ซึ่งทำให้เราได้ราคาเป้าหมายปี 2022 ใหม่ที่สูงขึ้นเป็น 5.2 บาท (DCF) ปัจจุบัน SHR มีการซื้อขายในระดับที่นำสนใจที่ 0.8x ของค่า 2022E P/BV (เทียบกับค่าเฉลี่ยของกลุ่มที่ 2.1x) และ 17-24x ของค่า 2023-24E P/E (เทียบกับค่าเฉลี่ยของกลุ่มในปี 2023E ที่ 38x) เมื่อสิทธิประโยชน์โรงแรมปรับตัวดีขึ้นจนโดดเด่น



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.2	11.8	4.9
Relative to country (%)	5.1	8.9	(1.9)
Mkt cap (USD m)	364		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	38		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	3.96/2.80		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 25 มีนาคม 2022

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 4Q21 and has a potential upside from M&A deals, considering that it has a strong balance sheet with only 0.9x IBD/E as of 4Q21.

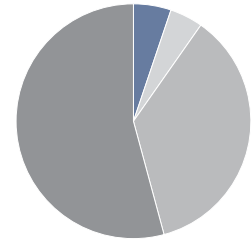
Company profile

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

www.shotelsresorts.com

Principal activities (revenue, 2021)

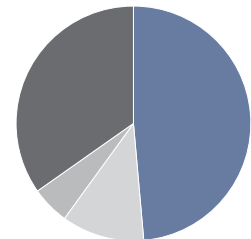
- Self-managed - 5.2 %
- Outrigger - 4.5 %
- Crossroads Ph1 (Maldives hotels) - 36.1 %
- UK - 54.2 %



Source: S Hotels and Resorts

Major shareholders

- S Hotels and Resorts Inter - 48.6 %
- S Hotels and Resorts (SG) - 11.4 %
- Thai NVDR - 5.2 %
- Others - 34.8 %



Source: S Hotels and Resorts

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) easing of global travel restrictions; 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
May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Self-Managed - Number of rooms (no.)	657	657	657
Self-Managed - Occupancy rate (OCC)	50.0	70.0	71.9
Self-Managed - RevPAR growth	346.9	67.2	5.8
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	70.0	71.0	72.0
Project Crossroads - RevPAR growth	57.4	4.5	5.5
UK - Number of rooms (no.)	2,790	2,690	2,690
UK - Occupancy rate (OCC)	65.0	70.0	71.0
UK - RevPAR growth	34.8	13.6	7.0

Source: FSSIA estimates

Earnings sensitivity

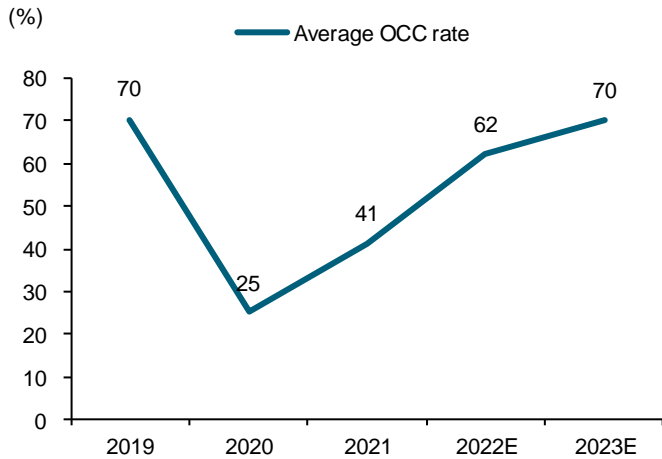
- For every 1% increase in OCC rate, we project a 2023 profit increase of 23%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2023 profit increase of 14%, and vice versa, all else being equal.

Source: FSSIA estimates

Turnaround expected this year with upside from EBITDA margin

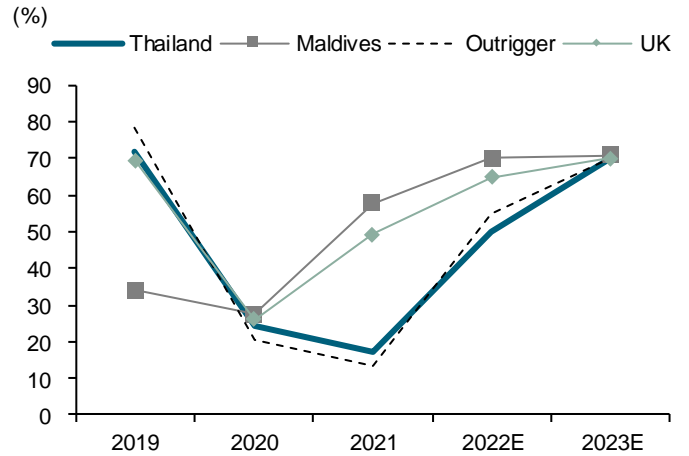
We expect the overall OCC rate to improve from 41% in 2021 to 62% in 2022, led by a 70% OCC rate in Maldives and 65% in the UK. Average ADR should improve by 18% to cTHB5,000 in 2022, exceeding the pre-Covid level by 27%, led by UK hotels whose ADR already exceeded the pre-Covid level in 2021. As a result, we expect the overall RevPAR in 2022 to exceed the pre-Covid level by 12%

Exhibit 1: Average OCC rate



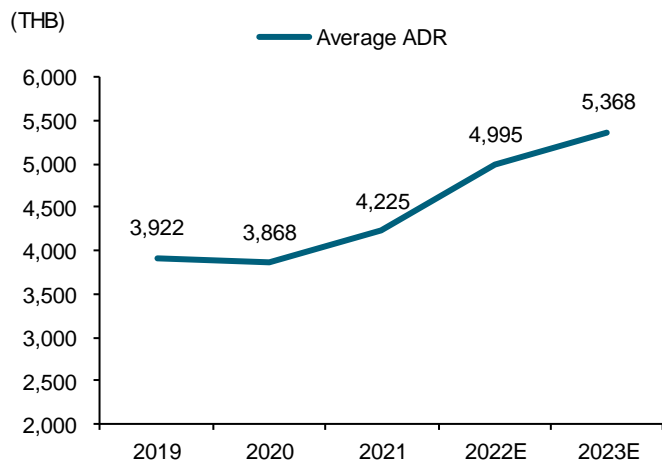
Sources: SHR; FSSIA estimates

Exhibit 2: OCC rate breakdown by portfolio



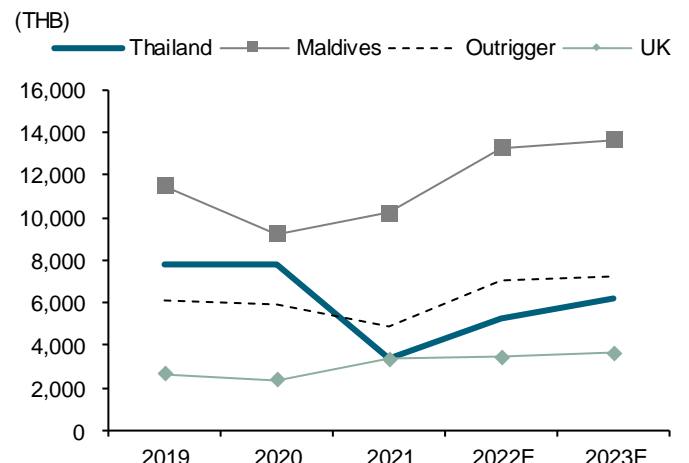
Sources: SHR; FSSIA estimates

Exhibit 3: Average ADR



Sources: SHR; FSSIA estimates

Exhibit 4: ADR breakdown by portfolio

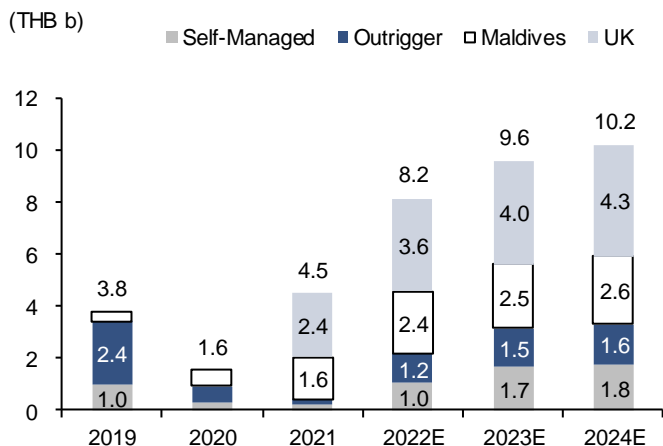


Sources: SHR; FSSIA estimate

Targeting revenue to double and EBITDA to quadruple in 2022

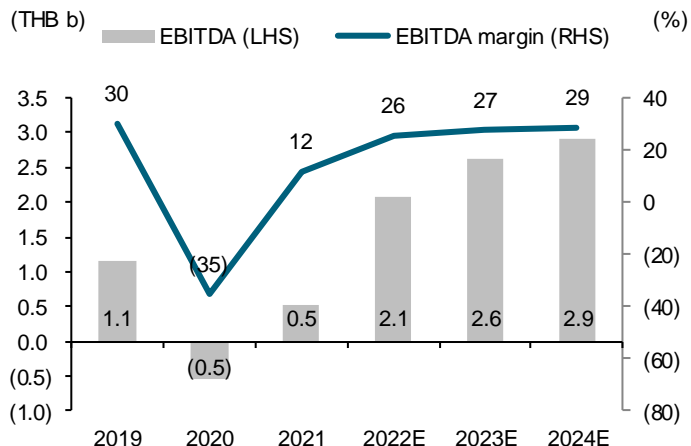
We forecast revenue to grow by 81% to THB8.2b in 2022, led by the strong performance of Maldives and UK hotels. We also expect EBITDA (incl. other income) to jump by 4x to THB2.1b in 2022 following an EBITDA margin improvement that we estimate to rise from 12% in 2021 to 26% in 2022. Note that we saw strong signs of an EBITDA margin recovery from negative in 1H21 to 18-20% in 2H21 and believe it will continue into 2022. Our forecast is relatively in line with management’s guidance, targeting revenue to double and EBITDA to quadruple in 2022.

Exhibit 5: Revenue forecast



Sources: SHR; FSSIA estimates

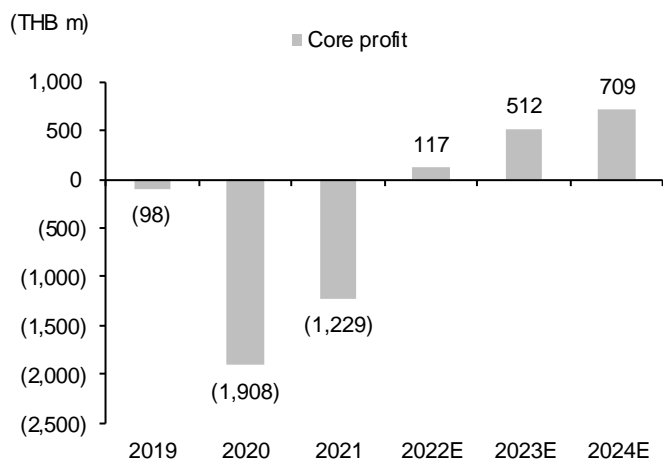
Exhibit 6: EBITDA forecast



Sources: SHR; FSSIA estimates

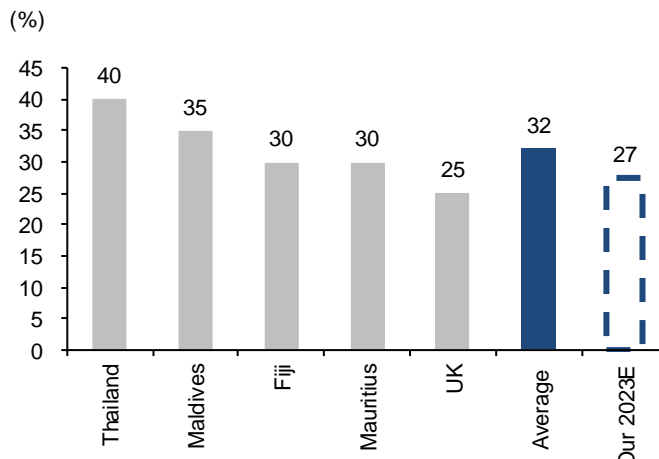
We forecast SHR’s core earnings to turn profitable this year at THB0.1b and jump to THB0.5b in 2023. Our forecast is still conservative as we assume the EBITDA margin to range from 26-29% over 2022-24, while SHR has guided that the optimal EBITDA margin for its overall portfolio would be at 27-32%, based on 35-40% for Thai hotels, 20-25% for UK hotels, 25-30% for Outrigger and 30-35% for Maldives hotels. Assuming an EBITDA margin of 30% in 2024, our 2024E core profit would rise from THB0.7b to THB0.9b.

Exhibit 7: Core profit forecast



Sources: SHR; FSSIA estimate

Exhibit 8: Optimal EBITDA margin vs our forecast



Sources: SHR; FSSIA estimate

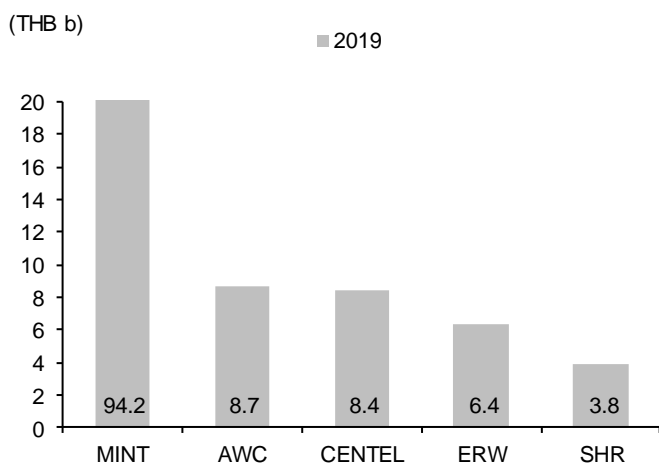
Comparison with hotel peers

One key concern for the market is that SHR has no track record of making a profit in 2019, unlike other hotel peers. SHR booked a core loss of THB98m in 2019 due to the opening of its Maldives hotels in 4Q19. Thus, investors have no core profit to benchmark for the expected global tourism recovery in 2023.

We have attempted to determine the potential core profit that SHR could make. First, we compared its revenue with its peers'. We estimate that SHR's revenue would amount to THB8.2b in 2022. This would be the second largest 2022E hotel revenue (excluding food and retail businesses) compared with its peers, trailing only MINT.

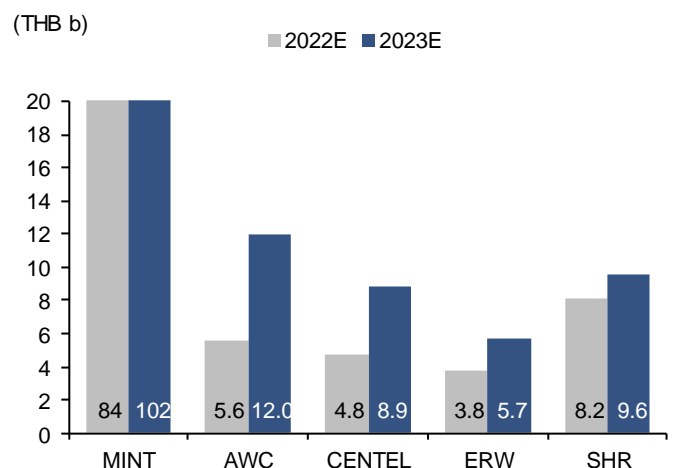
We compared SHR to CENTEL as the 2022E revenue size for SHR is similar to CENTEL's hotel revenue of THB8.4b in 2019. CENTEL booked a core profit for its hotel business of THB1.1b in 2019. Excluding the THB0.2b management fee income that CENTEL booked in 2019, the owned hotel business generated a profit of THB0.9b. Note that CENTEL recorded an EBITDA margin (excluding management fees) of 31% in 2019, relatively in line with SHR's target EBITDA margin of 32%. Therefore, we conclude that SHR has the potential to ramp its core profit up to THB0.9b with its current hotel assets.

Exhibit 9: Hotel revenue comparison in 2019



Source: Company data

Exhibit 10: Hotel revenue comparison in 2022-23E

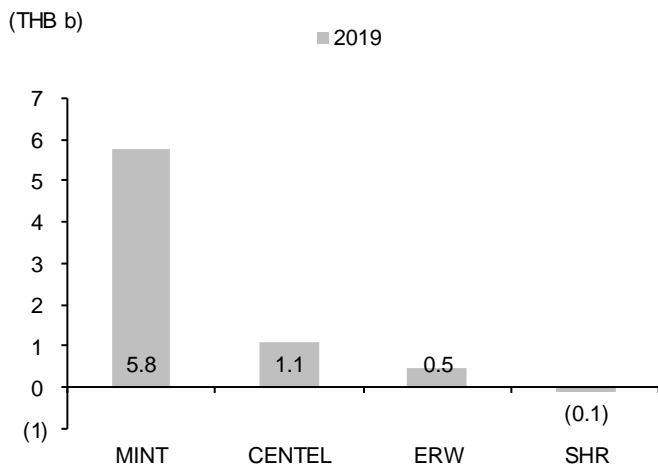


Note: CENTEL excludes revenue from JV Dubai hotel
Sources: Company data; FSSIA estimates

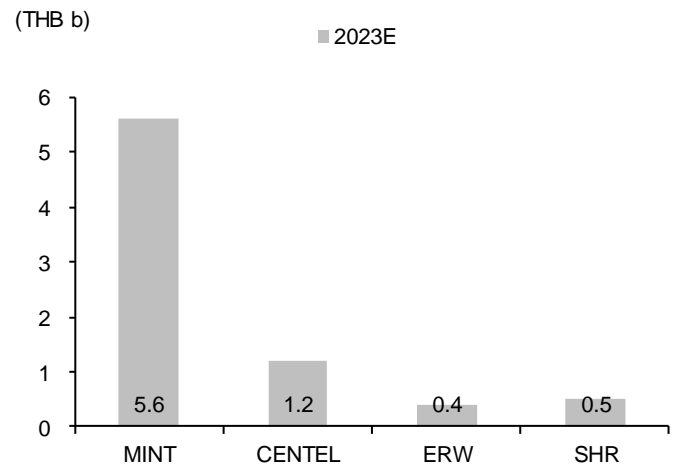
Another key factor to consider is interest expenses. SHR paid an interest expense (excluding interest expense from lease liabilities) of THB0.5b in 2021 vs the THB0.2b that CENTEL paid in 2019. This implies that SHR's potential core profit would slip to THB0.7b under its current debt profile structure.

We crosschecked these estimates with ERW's performance of THB6.4b in revenue, a 29% EBITDA margin and a THB0.5b core profit in 2019 and believe that with its larger estimated revenue size, SHR has a high potential to book a core profit higher than THB0.5b.

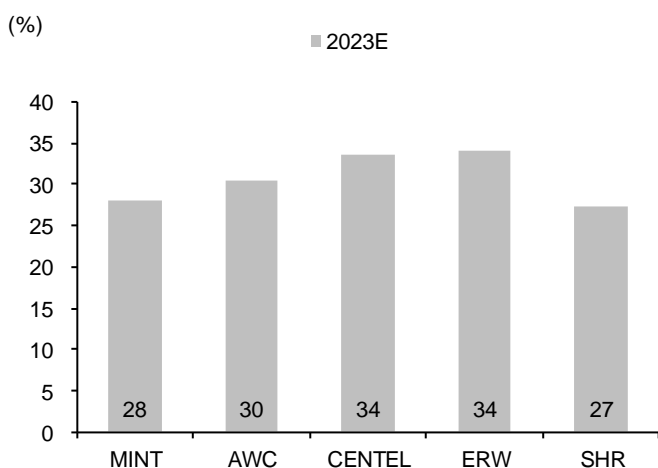
Overall, we summarise that SHR's potential core profit (without inorganic growth) would be THB0.7-0.9b, lying between ERW's profit of THB0.5b and CENTEL's hotel profit of THB1.1b. Our forecast implies that SHR's core profit would ramp up to that level in 2024.

Exhibit 11: Core profit comparison in 2019

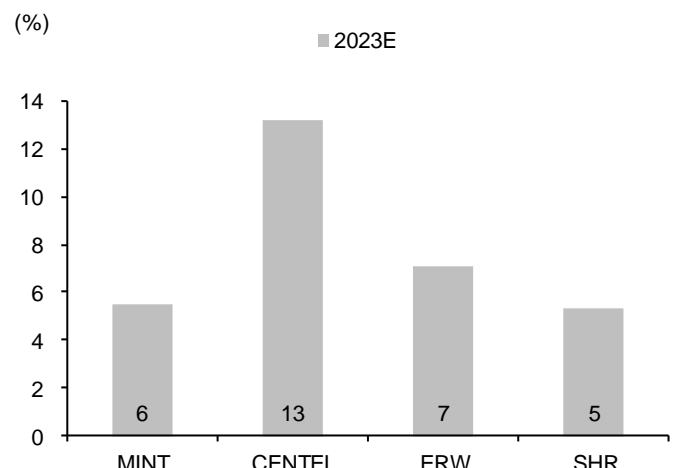
Source: Company data

Exhibit 12: Core profit comparison in 2023E

Sources: Company data; FSSIA estimates

Exhibit 13: EBITDA margin comparison in 2023E

Sources: Company data; FSSIA estimates

Exhibit 14: Core profit margin comparison in 2023E

Sources: Company data; FSSIA estimates

Exhibit 15: Forecast revisions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB)	(THB)	(THB)	(THB)	(THB)	(THB)	(%)	(%)	(%)
Self-Managed - OCC rate (%)	50.0	70.0	71.9	55.0	72.9	73.4	(5.0)	(2.9)	(1.5)
Self-Managed - RevPAR	2,605	4,355	4,608	3,422	4,819	4,998	(23.9)	(9.6)	(7.8)
Outrigger - OCC rate (%)	55.0	70.0	72.0	60.0	70.0	70.0	(5.0)	-	2.0
Outrigger - RevPAR	3,850	5,047	5,347	2,916	4,253	4,381	32.0	18.7	22.1
Project Crossroads - OCC rate (%)	70.0	71.0	72.0	65.0	66.0	67.0	5.0	5.0	5.0
Project Crossroads - RevPAR	9,299	9,715	10,246	7,937	8,300	8,679	17.2	17.0	18.1
UK -OCC rate (%)	65	70	71	63	69	69	2.0	1.5	2.0
UK -RevPAR	2,242	2,547	2,726	1,627	1,790	1,857	37.8	42.3	46.7
Revenue (THB b)	8.2	9.6	10.2	7.0	8.2	8.5	16.7	16.6	19.3
EBITDA margin (%)	23.7	26.1	-	32.6	32.7	-	(8.9)	(6.6)	-
Core earnings (THB m)	117	512	709	99	410	684	18.1	24.9	3.7

Note: Change in % terms is represented in ppt change

Source: FSSIA estimates

Exhibit 16: 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		14.8	4.1	WACC 9.2%, risk-free rate 3%, risk premium 8%	
Terminal value		15.7	4.4	Terminal growth 2.5%	
Cash & liquid assets		5.0	1.4	At end-2022E	
Investments		0.4	0.1	At end-2022E	
Debt		(17.2)	(4.8)	At end-2022E	
Minorities		0.0	0.0	At end-2022E	
Residual ordinary equity		18.8	5.2		

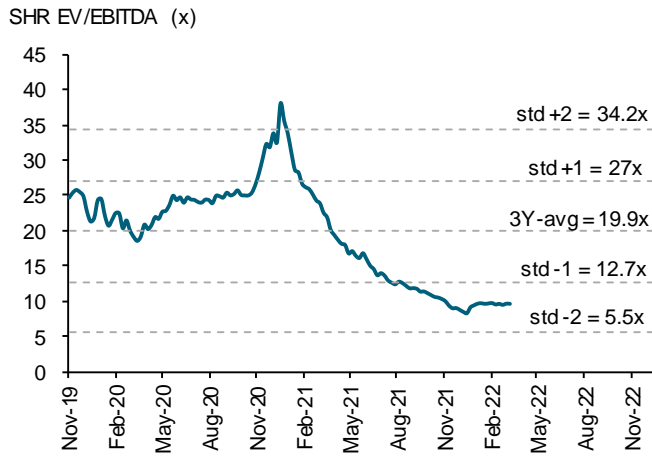
Source: FSSIA estimates

Exhibit 17: Peers comparison as of 24 Mar 2022

Company	BBG	Rec	---Share price---		Up side	Market Cap	--- PE ---		--- ROE ---		--- PBV ---		--- EV/ EBITDA ---	
			Current (LCY)	Target (LCY)			(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand														
Asset World Corp	AWC TB	BUY	5.00	6.00	20	4,763	548.0	76.7	0.4	2.6	2.0	1.9	69.2	35.5
Minor International	MINT TB	BUY	31.75	42.00	32	4,932	63.4	26.8	4.2	10.0	2.3	2.7	12.5	10.8
Central Plaza Hotel	CENDEL TB	BUY	40.00	45.00	13	1,607	91.3	26.1	3.2	10.5	2.9	2.6	17.3	11.6
Erawan Group	ERW TB	BUY	3.26	4.00	23	440	(147.5)	36.2	(1.7)	6.7	2.5	2.3	23.4	13.5
S Hotels & Resorts	SHR TB	BUY	3.40	5.20	53	364	104.8	23.9	0.7	3.2	0.8	0.7	12.6	9.0
Thailand average						12,105	132.0	37.9	1.4	6.6	2.1	2.1	27.0	16.1
Regional														
Shanghai Jin Jiang Capital	2006 HK	n/a	2.97	n/a	n/a	2,112	36.6	77.9	1.1	4.2	1.3	1.2	10.5	n/a
Btg Hotels Group	600258 CH	n/a	23.16	n/a	n/a	4,081	28.3	19.1	8.4	11.2	2.3	2.1	19.3	14.8
Sh Jinjiang Intl Hotels	900934 CH	n/a	2.01	n/a	n/a	7,227	10.1	6.6	8.7	11.8	0.8	0.7	20.8	15.1
Huangshan Tourism Develop	900942 CH	n/a	0.73	n/a	n/a	1,049	12.0	9.3	5.1	7.2	0.7	0.7	10.1	7.8
Genting Bhd	GENT MK	n/a	4.60	n/a	n/a	4,221	15.8	10.6	3.0	4.7	0.5	0.5	7.8	6.7
Greentree Hospitality	GHG US	n/a	5.52	n/a	n/a	569	11.7	9.4	13.2	15.0	1.5	1.3	5.7	5.3
Huazhu Group	HTHT US	n/a	32.87	n/a	n/a	10,740	72.6	28.4	12.6	20.9	5.7	4.7	22.6	13.0
Indian Hotels	IH IN	n/a	219.10	n/a	n/a	3,991	n/a	62.6	(5.5)	9.5	6.5	6.0	73.6	28.1
Lemon Tree Hotels	LEMONTRE IN	n/a	55.45	n/a	n/a	626	n/a	105.8	(7.2)	4.3	5.6	5.1	46.8	23.0
Lippo Karawaci	LPKR IJ	n/a	137.00	n/a	n/a	687	22.6	10.7	2.4	4.9	0.5	0.5	10.4	8.8
Regional average						35,303	26.2	34.0	4.2	9.4	2.5	2.3	22.8	13.6
Overall average						47,408	66.9	35.3	3.2	8.4	2.4	2.2	24.2	14.5

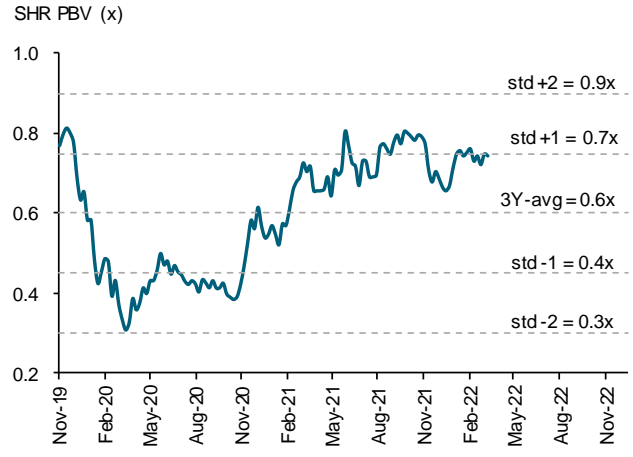
Sources: Bloomberg; FSSIA estimates

Exhibit 18: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 19: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	1,563	4,512	8,155	9,598	10,196
Cost of goods sold	(683)	(2,407)	(4,128)	(4,706)	(4,961)
Gross profit	880	2,105	4,027	4,892	5,235
Other operating income	-	-	-	-	-
Operating costs	(1,480)	(1,742)	(2,091)	(2,383)	(2,479)
Operating EBITDA	(600)	363	1,937	2,508	2,757
Depreciation	(986)	(1,189)	(1,213)	(1,263)	(1,317)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,586)	(826)	723	1,245	1,439
Net financing costs	(377)	(693)	(753)	(714)	(675)
Associates	(172)	(3)	(19)	(50)	(22)
Recurring non-operating income	51	158	146	121	151
Non-recurring items	(462)	(5)	0	0	0
Profit before tax	(2,374)	(1,366)	117	652	916
Tax	4	131	0	(140)	(206)
Profit after tax	(2,371)	(1,234)	117	512	709
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(2,371)	(1,234)	117	512	709
Non-recurring items & goodwill (net)	462	5	0	0	0
Recurring net profit	(1,908)	(1,229)	117	512	709
Per share (THB)					
Recurring EPS *	(0.53)	(0.34)	0.03	0.14	0.20
Reported EPS	(0.66)	(0.34)	0.03	0.14	0.20
DPS	0.00	0.00	0.01	0.06	0.08
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
Growth					
Revenue (%)	(59.1)	188.7	80.7	17.7	6.2
Operating EBITDA (%)	nm	nm	433.1	29.5	9.9
Operating EBIT (%)	nm	nm	nm	72.2	15.6
Recurring EPS (%)	nm	nm	nm	339.1	38.6
Reported EPS (%)	nm	nm	nm	339.1	38.6
Operating performance					
Gross margin inc. depreciation (%)	(6.7)	20.3	34.5	37.8	38.4
Gross margin of key business (%)	(6.7)	20.3	34.5	37.8	38.4
Operating EBITDA margin (%)	(38.4)	8.1	23.7	26.1	27.0
Operating EBIT margin (%)	(101.5)	(18.3)	8.9	13.0	14.1
Net margin (%)	(122.1)	(27.2)	1.4	5.3	7.0
Effective tax rate (%)	0.2	9.7	20.0	20.0	22.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(4.1)	(1.0)	1.2	1.9	2.4
Inventory days	127.9	28.3	23.7	28.1	29.2
Debtor days	39.7	17.8	17.3	14.7	13.9
Creditor days	615.3	168.5	229.3	310.1	335.9
Operating ROIC (%)	(7.9)	(2.9)	2.0	3.8	4.5
ROIC (%)	(6.6)	(2.1)	2.2	3.8	4.5
ROE (%)	(11.4)	(7.8)	0.7	3.2	4.3
ROA (%)	(5.4)	(1.9)	1.9	2.8	3.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Self-managed	329	234	1,037	1,671	1,768
Outrigger	607	205	1,157	1,471	1,558
Crossroads Ph1 (Maldives hotels)	627	1,627	2,374	2,453	2,587
UK	0	2,446	3,587	4,003	4,283

Sources: S Hotels and Resorts; FSSIA estimates

Financial Statements

S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(1,908)	(1,229)	117	512	709
Depreciation	986	1,189	1,213	1,263	1,317
Associates & minorities	-	-	-	-	-
Other non-cash items	(497)	(190)	(6)	(6)	(6)
Change in working capital	(1,357)	(750)	3,231	748	179
Cash flow from operations	(2,776)	(981)	4,555	2,517	2,200
Capex - maintenance	(116)	(11,050)	(483)	(570)	(606)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(186)	1,555	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(302)	(9,495)	(483)	(570)	(606)
Dividends paid	0	0	0	(47)	(205)
Equity finance	26	13	(44)	0	0
Debt finance	1,769	8,476	(900)	(900)	(900)
Other financing cash flows	29	1,408	0	0	0
Cash flow from financing	1,824	9,897	(944)	(947)	(1,105)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,255)	(579)	3,128	1,000	489
Free cash flow to firm (FCFF)	(2,701.00)	(9,783.45)	4,824.41	2,660.64	2,269.20
Free cash flow to equity (FCFE)	(1,280.72)	(591.92)	3,171.83	1,046.75	694.02
Per share (THB)					
FCFF per share	(0.75)	(2.72)	1.34	0.74	0.63
FCFE per share	(0.36)	(0.16)	0.88	0.29	0.19
Recurring cash flow per share	(0.39)	(0.06)	0.37	0.49	0.56
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	25,004	36,405	36,894	37,470	38,082
Less: Accumulated depreciation	(4,910)	(6,444)	(7,657)	(8,920)	(10,238)
Tangible fixed assets (net)	20,093	29,961	29,237	28,550	27,844
Intangible fixed assets (net)	1,023	1,641	1,641	1,641	1,641
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,982	427	427	427	427
Cash & equivalents	2,493	1,914	5,042	6,042	6,531
A/C receivable	52	387	387	387	387
Inventories	176	198	339	387	408
Other current assets	918	2,224	941	1,107	1,176
Current assets	3,638	4,723	6,709	7,923	8,503
Other assets	381	463	463	463	463
Total assets	27,117	37,214	38,476	39,003	38,877
Common equity	15,676	15,882	15,955	16,420	16,924
Minorities etc.	0	0	0	0	0
Total shareholders' equity	15,676	15,882	15,955	16,420	16,924
Long term debt	9,487	18,092	17,192	16,292	15,392
Other long-term liabilities	890	1,392	1,392	1,392	1,392
Long-term liabilities	10,377	19,485	18,585	17,685	16,785
A/C payable	587	1,635	3,552	4,445	4,686
Short term debt	130	0	0	0	0
Other current liabilities	347	213	385	453	482
Current liabilities	1,064	1,848	3,937	4,899	5,168
Total liabilities and shareholders' equity	27,117	37,214	38,476	39,003	38,877
Net working capital	211	961	(2,270)	(3,018)	(3,197)
Invested capital	23,690	33,453	29,497	28,062	27,178
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.36	4.42	4.44	4.57	4.71
Tangible book value per share	4.08	3.96	3.98	4.11	4.25
Financial strength					
Net debt/equity (%)	45.4	101.9	76.2	62.4	52.4
Net debt/total assets (%)	26.3	43.5	31.6	26.3	22.8
Current ratio (x)	3.4	2.6	1.7	1.6	1.6
CF interest cover (x)	(2.4)	0.1	5.2	2.5	2.0
Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(6.4)	(9.9)	104.8	23.9	17.2
Recurring P/E @ target price (x) *	(9.8)	(15.2)	160.3	36.5	26.3
Reported P/E (x)	(5.2)	(9.9)	104.8	23.9	17.2
Dividend yield (%)	-	-	0.4	1.7	2.3
Price/book (x)	0.8	0.8	0.8	0.7	0.7
Price/tangible book (x)	0.8	0.9	0.9	0.8	0.8
EV/EBITDA (x) **	(32.2)	78.2	12.6	9.0	7.6
EV/EBITDA @ target price (x) **	(43.0)	96.0	15.9	11.5	10.0
EV/invested capital (x)	0.8	0.8	0.8	0.8	0.8
* 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	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	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:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

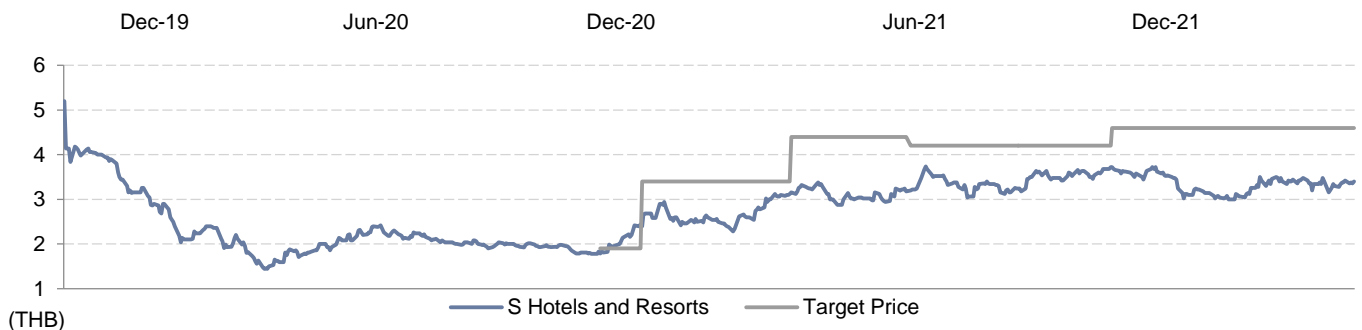
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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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	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

Asset World Corp (AWC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Oct-2019	BUY	7.50	17-Feb-2021	HOLD	5.00	22-Feb-2022	BUY	6.00
03-Nov-2020	HOLD	3.50	19-Mar-2021	BUY	6.40			
11-Nov-2020	HOLD	4.20	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

Minor International (MINT TB)



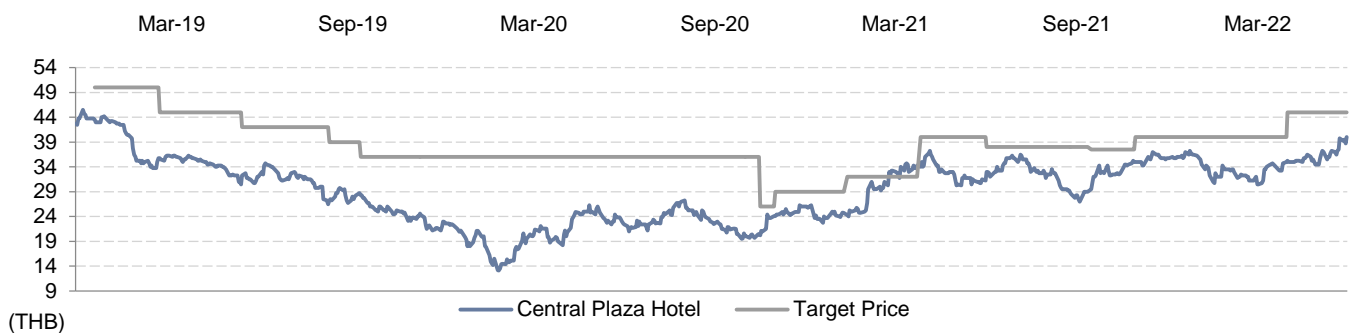
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Nov-2019	HOLD	38.00	18-Nov-2020	BUY	29.00	12-Oct-2021	BUY	42.00
20-Dec-2019	HOLD	37.00	08-Mar-2021	BUY	40.00			
03-Nov-2020	BUY	24.00	13-May-2021	BUY	38.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Central Plaza Hotel (CENTEL TB)



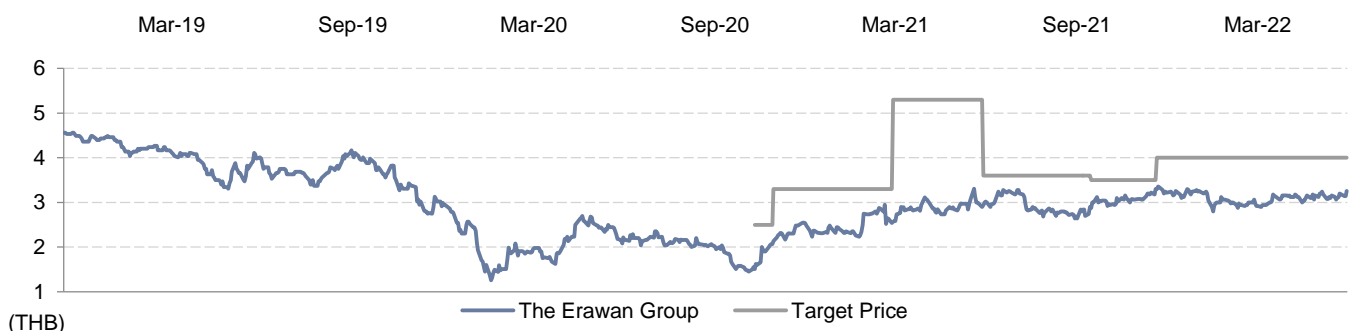
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Apr-2019	BUY	50.00	03-Nov-2020	BUY	26.00	13-Aug-2021	BUY	37.50
06-Jun-2019	BUY	45.00	16-Nov-2020	BUY	29.00	22-Sep-2021	BUY	40.00
16-Aug-2019	BUY	42.00	15-Jan-2021	BUY	32.00	31-Jan-2022	BUY	45.00
30-Oct-2019	BUY	39.00	19-Mar-2021	BUY	40.00			
26-Nov-2019	BUY	36.00	17-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	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

Company	Ticker	Price	Rating	Valuation & Risks
S Hotels and Resorts	SHR TB	THB 3.40	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.
Asset World Corp	AWC TB	THB 5.00	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 31.75	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.
Central Plaza Hotel	CEN TEL TB	THB 40.00	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 3.26	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 24-Mar-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.