

# DUSIT THANI DUSIT TB

## THAILAND / TOURISM & LEISURE

# BUY

### DCP เป็นปัจจัยสำคัญสำหรับการเติบโต

- โครงการ DCP ซึ่งจะเปิดให้บริการในปี 2024 จะช่วยหนุน ADR ของโรงแรมหลักของ DUSIT และจะมีรายได้เพิ่มจากธุรกิจค้าปลีกและอสังหาริมทรัพย์
- ถ้ามีโอกาสปรับตัวดีขึ้นต่อเนื่อง โดยจะพลิกฟื้นในปี 2023 กระโดดเพิ่มในปี 2024 จากการเปิดให้บริการของโครงการ DCP และแตะระดับจุดสูงสุดในปี 2025 จากการขายโครงการที่อยู่อาศัย
- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 18 บาท/หุ้น (DCF)

TARGET PRICE	THB18.00
CLOSE	THB10.70
UP/DOWNSIDE	+68.2%
TP vs CONSENSUS	+43.0%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,194	3,698	5,541	7,117
Net profit	(945)	(538)	109	365
EPS (THB)	(1.11)	(0.63)	0.13	0.43
vs Consensus (%)	-	nm	nm	290.9
EBITDA	(734)	174	1,010	1,615
Core net profit	(1,622)	(672)	109	365
Core EPS (THB)	(1.91)	(0.79)	0.13	0.43
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	nm	nm	nm	235.7
Core P/E (x)	(5.6)	(13.5)	83.7	24.9
Dividend yield (%)	-	-	0.8	2.8
EV/EBITDA (x)	(31.0)	159.1	31.5	22.9
Price/book (x)	2.8	3.3	3.2	2.9
Net debt/Equity (%)	334.8	304.2	246.3	200.5
ROE (%)	(43.1)	(22.3)	3.9	12.1

### โครงการ DCP จะเพิ่มสินทรัพย์ดำเนินงานและสินทรัพย์เพื่อการลงทุนเกือบ 3 เท่า

DUSIT เป็นเจ้าของโรงแรม 9 แห่งและดำเนินธุรกิจอสังหาริมทรัพย์มากถึง 314 แห่ง (ประมาณ 12,000 ห้อง) ภายใต้ 6 แบรินด์ใน 16 ประเทศ โรงแรมหลัก กล่าวคือ Dusit Thani Bangkok ได้ปิดดำเนินงานมาตั้งแต่ปี 2019 เพื่อพัฒนาเป็น Dusit Central Park (DCP) ซึ่งเป็นโครงการ Mixed-use ที่บริษัท ร่วมมือกับ Central Pattana (CPN TB, BUY, TP THB82) โครงการดังกล่าวมีกำหนดเปิดให้บริการในปี 2024 ประกอบด้วยโรงแรมหลักที่สร้างใหม่ โครงการที่พักอาศัยระดับ high-end และศูนย์การค้า ทั้งนี้โครงการ DCP ซึ่งมีมูลค่า 4.6 หมื่น ลบ. (ส่วนของ DUSIT อยู่ที่ 1.73 หมื่น ลบ.) ช่วยเพิ่มสินทรัพย์ดำเนินงานและสินทรัพย์ลงทุนของ DUSIT อย่างมีนัยสำคัญมาจากเดิมประมาณ 8.9 พัน ลบ. ณ สิ้น 1Q22.

### ปัจจัยขับเคลื่อนกำไร 3 ประการจากโครงการ DCP

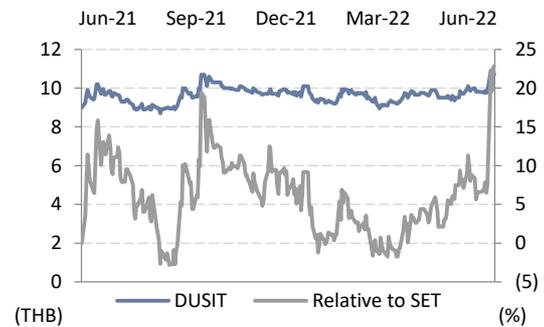
ข้อแรกโรงแรมหลักแห่งใหม่ (ซึ่ง DUSIT ถือหุ้น 60%) น่าจะมีรายได้และอัตรากำไรเพิ่มขึ้นพร้อม ADR ที่สูงขึ้นเป็น 10,000 บาทในปี 2024 (เทียบกับโรงแรมหลักเดิมที่ 3,150 บาทในปี 2018) แม้ว่าจำนวนห้องพักรวมจะลดลงเหลือ 259 (เทียบกับ 517 ห้องในโรงแรมหลักเดิม) ข้อสอง DUSIT น่าจะได้ส่วนแบ่งรายได้จากศูนย์การค้า (ซึ่ง DUSIT ถือหุ้น 15%) ซึ่ง CPN เป็นผู้ดำเนินงาน ข้อสุดท้าย DUSIT อาจบันทึกกำไรมากถึง 3.0-4.0 พัน ลบ. จากโครงการที่อยู่อาศัยมูลค่า 1.70 หมื่น ลบ. โครงการดังกล่าวมีกำหนดเปิดในปี 2025 โดยปัจจุบันมียอดขายโครงการที่ 40% ในปัจจุบัน

### กำไรอยู่ในแนวโน้มขาขึ้นจนถึงปี 2025

เราคาดว่า DUSIT จะพลิกมารายงานกำไรในปี 2023 โดยเราคาดว่า OCC rate ของโรงแรมในปัจจุบันจะสูงกว่า 70% และธุรกิจที่ไม่ใช่โรงแรม (อาหารและการศึกษา) ฟื้นตัว กำไรน่าจะกระโดดเพิ่มในปี 2024 เมื่อโครงการ DCP เริ่มดำเนินงาน เราคาดว่าโรงแรม DCP จะทำกำไรได้ประมาณ 170 ลบ. ภายในปี 2025 (ส่วนของ DUSIT ประมาณ 100 ลบ.) นอกจากนี้ DUSIT น่าจะบันทึกส่วนแบ่งรายได้จากศูนย์การค้าอีกประมาณ 70 ลบ./ปี รวมถึงค่าธรรมเนียมการบริหารโรงแรมและค่าธรรมเนียมการใช้ brand DUSIT อีกประมาณ 80 ลบ./ปี ด้วยเหตุดังกล่าวเราคาดว่ากำไรจะแตะ 0.4 พัน ลบ. ในปี 2024 และกระโดดเพิ่มเป็น 3.0 พัน ลบ. เมื่อบริษัท เริ่มโอนโครงการที่อยู่อาศัย

### ราคาหุ้นจะปรับระดับขึ้นจากโครงการ DCP

เราประเมินมูลค่า DUSIT ด้วยวิธี DCF และได้ราคาเป้าหมายปี 2023 ที่ 18 บาท/หุ้น ประกอบด้วย 1) มูลค่าธุรกิจหลักที่ 12.4 บาท/หุ้น; 2) มูลค่าโครงการที่อยู่อาศัยของ DCP ที่ 2.6 บาท/หุ้น; และ 3) เงินสดและการลงทุนสุทธิที่ 3.0 บาท/หุ้น DUSIT มีการซื้อขายในระดับที่นำสนใจที่ 25x ของค่า 2024E P/E ในปัจจุบัน ปัจจัยที่จะหนุนมูลค่าของหุ้นจะอยู่ที่โครงการ DCP ซึ่งน่าจะช่วยปรับอัตรากำไรของโรงแรมให้ดีขึ้น และกระจายความเสี่ยงของพอร์ตผ่านธุรกิจค้าปลีก อาหารและการศึกษา



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.6	15.1	10.3
Relative to country (%)	16.5	23.9	14.3
Mkt cap (USD m)	259		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	27		
Major shareholder	Chanat family account (50%)		
12m high/low (THB)	12.40/8.40		
Issued shares (m)	850.00		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 17 มิถุนายน 2022

### Investment thesis

DUSIT will open its first mixed-use project, Dusit Central Park (DCP), consisting of the new flagship hotel, luxury residences and a retail shopping centre at the prime central business district located opposite to Lumpini Park. The total project value is THB46b (THB17.3b for DUSIT's portion) and is scheduled to open in 1Q24.

We expect DUSIT to turn profitable in 2023 when the occupancy (OCC) rate of its existing hotels reaches more than 70% and the non-hotel business turns profitable. Profits should jump in 2024 when the DCP project starts operating, and should peak in 2025 when residential projects start to be transferred.

DUSIT's share price deserves to re-rate, in our view, driven by 1) the DCP project which should drive the profitability margin as it should capture a higher luxury segment with a higher average daily rate (ADR); and 2) a more well-balanced portfolio from the retail shopping mall, food business and education business.

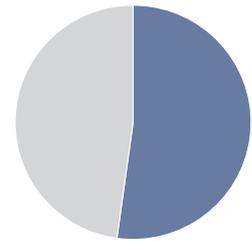
### Company profile

DUSIT operates 47 hotels and 267 villas in 16 countries with a total room count of c12,000 currently.

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

### Principal activities (revenue, 2021)

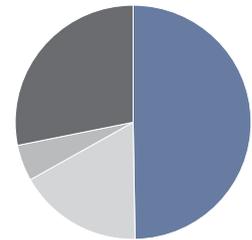
- Hotel revenue - 52.2 %
- Others - 47.8 %



Source: Dusit Thani

### Major shareholders

- Chanat family account - 49.7 %
- Central Pattana PCL - 17.1 %
- Ananda Development PCL - 5.0 %
- Others - 28.2 %



Source: Dusit Thani

### Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) the recovery of domestic business activities; and 3) the Dusit Central Park (DCP) mixed-use project.

### 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
Aug 2022	2Q22 results announcement

### Key assumptions

	2022E	2023E	2024E
Existing hotels - OCC rate (%)	56	72	73
Existing hotels - ADR (THB)	3,321	3,791	3,904
Food - revenue growth (%)	194	8	2
Education - revenue growth (%)	35	3	4
DCP hotel - OCC rate (%)			67
DCP hotel - ADR (THB)			10,182
DCP retail - OCC rate (%)			90
DCP retail - rental (THB/sqm/month)			1,998

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in the OCC rate of existing hotels, we project a 2024 profit increase of 8% and vice versa, all else being equal.
- For every 1% increase in the OCC rate of DCP hotel, we project a 2024 profit increase of 3%, and vice versa, all else being equal.

Source: FSSIA estimates



## Key executive summary and investment thesis

- DUSIT will open its first mixed-use project, DCP, consisting of the new flagship hotel, luxury residences and a retail shopping centre at the prime central business district located opposite to Lumpini Park. The total project value is THB46b (THB17.3b for DUSIT's portion) and is scheduled to open in 1Q24.
- Although the project is sizable compared to DUSIT's current operating assets and investments of cTHB8.9b as of 1Q22, DUSIT should have sufficient funding to support the project as it will receive a lease payment for the shopping mall bare shell that Suanlum Property Company Limited (REJV; CPN holds 85%) will pay up to THB6.5b for the leasehold rights in 2024 and cash flow from the residential project of up to THB17b in 2025, according to management.
- The leasehold rental fee totalling THB7.3b for a 60-year term for the DCP project with an area of c23 rai is reasonable compared to the current market price based on Bangkok Dusit Medical Services' (BDMS TB, BUY, TP THB31) Silver Wellness & Residence project, which acquired leasehold rights for THB9.1b for 60 years for a c13 rai plot of land located in the same area as the DCP project.
- The new flagship hotel will have fewer guest rooms at 259 rooms (vs 517 rooms in the old flagship), but DUSIT expects the ADR to jump to THB10,000 vs THB3,150 for the old flagship in 2018. Overall, we expect the new flagship hotel to generate more revenue at THB1.5b in 2025 (vs THB0.8b in 2018).
- Aside from hotel revenue, the DCP project should offer DUSIT a share of income from the retail shopping mall (DUSIT holds a 15% share) of THB60m-70m per year and hotel management and brand loyalty fees totalling THB60m-80m per year. This recurring income would flow almost directly to the bottom line. DUSIT could also book a profit from the residential project of up to cTHB3.0b-4.0b in 2025-26.
- we expect DUSIT to turn profitable in 2023 when the OCC rate of its existing hotels reaches more than 70% and the non-hotel business turns profitable. Profits should jump in 2024 when the DCP project starts operating and should peak in 2025 when residential projects start to be transferred.
- DUSIT's share price deserves to re-rate, in our view, driven by 1) the DCP project which should drive the profitability margin as it should capture a higher luxury segment with a higher ADR; and 2) a more well-balanced portfolio from the retail shopping mall, food business and education business.

## Dusit Central Park project, the key growth driver

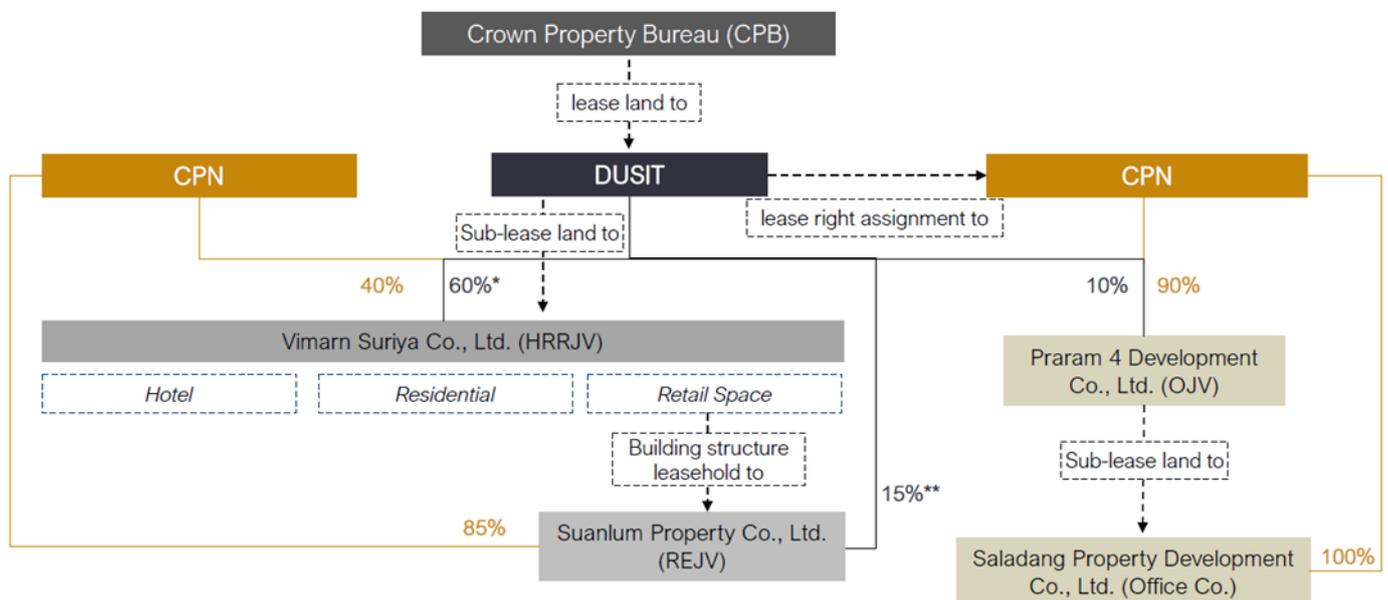
Dusit closed its flagship Dusit Thani Bangkok hotel in 2019 to develop Dusit Central Park (DCP), the mixed-use project consisting of the new flagship hotel, luxury residences and a retail shopping centre. It will become a new city landmark in the prime central business district located opposite to Lumpini Park with the mass transit lines (interchange station of BTS Saladaeng and MRT Silom) linking directly into DCP.

The total project value is THB46b and it is scheduled to open over 1Q24 to 3Q25 for the four sub-projects consisting of a hotel, office building, retail shopping mall and residential units.

### Structure of the project

DUSIT has leased land from the Crown Property Bureau for 30 years starting from July 2024 with a seven-year grace period for construction from July 2017 and the right to extend for another 30 years. The total rental fee for the 60-year lease is THB7.3b. The total land size for the DCP project is 23 rai and 2 ngan (equivalent to 37,600 sqm).

### Exhibit 1: Project structure



Remark: \*Current holding is 65:35 (Dusit:CPN); \*\*Current holding is 16.5:83.5 (Dusit:CPN)

Source: DUSIT

DUSIT and CPN will jointly develop the DCP project through four companies:

- Vimarn Suriya (HRRJV)** is the developer of the hotel, residential buildings and shopping centre bare shell for lease to REJV. The plot of land totalling 21 rai and 56 sq. wah is to be sublet from DUSIT. DUSIT will hold 60% of HRRJV.
- Suanlum Property (REJV)** is the developer of the shopping centre on the building structure with total area of 79,203 sqm that REJV will lease from HRRJV and Office Co. DUSIT will hold 15% of REJV.
- Praram 4 Development (OJV)** is the tenant of the plot of land with an area of 2 rai, 1 ngan, 47 sq. wah to sublease to Office Co to develop the office building project. DUSIT will hold 10% of OJV.
- Saladang Property Development (Office Co)** is the developer of the office building project on the plot of land subleased from OJV. DUSIT will not hold any shares in Office Co, while CPN will hold 100% in Office Co.

To summarise, DUSIT will get 60% of the revenue from hotel operations and the residential project; 60% of the rental fees from the bare shell shopping centre; and 15% share income from the shopping mall operations.

**Exhibit 2: Project value**

Project	Value	Dusit's portion
	(THB b)	(THB b)
HRRJV	26.3	15.8
- Hotel	6.4	3.9
- Residential	11.5	6.9
- Shopping Center Bare Shell	5.7	3.4
- Other common area	2.7	1.6
REJV	9.8	1.5
Office Co.	9.9	-
<b>Total</b>	<b>46.0</b>	<b>17.3</b>

Source: DUSIT

**Exhibit 4: DCP master plan**



Source: DUSIT

**Exhibit 3: DCP mixed-use project**



Source: DUSIT

**Exhibit 5: Roof Park project on top of retail shopping mall podium**



Source: DUSIT

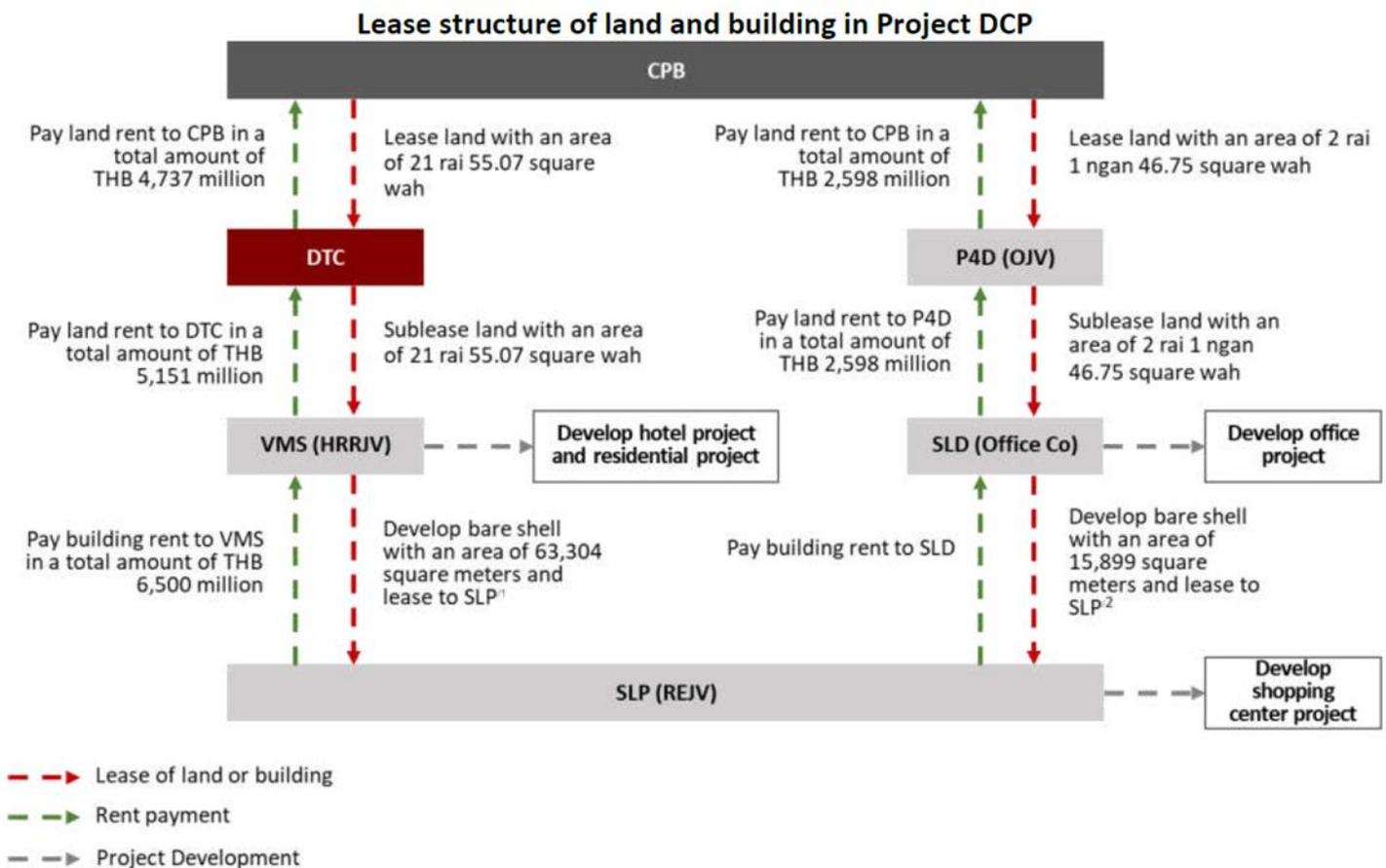
### Lease payment structure

DUSIT has leased land from the Crown Property Bureau for 60 years (30 years with the option to extend another 30 years) with a total rental fee of THB7.3b. DUSIT will sublease land to HRRJV and Office Co to develop the DCP project. HRRJV and Office Co will develop the shopping centre bare shell for REJV to operate the retail shopping mall.

At each step of the rental contract, there will be a premium rental fee for the renter. Overall, CPN will be the party that pays most of the rental fees. We believe this lease structure allows DUSIT to have smaller capex to develop the DCP project without capital raising.

In our view, the lease payment is inexpensive compared to BDMS' new Silver Wellness & Residence project, for which it acquired leasehold rights for a total of THB9.1b for 60 years (30 years with the option to extend another 30 years). The plot of land is located in the same area as the DCP project with an area of c13 rai and is also leased from the Crown Property Bureau (vs DCP's leasehold right of THB7.3b for a c23-rai plot of land).

Exhibit 6: Lease structure of DCP project



Sources: DUSIT; IFA report by Jay Capital Advisory Limited

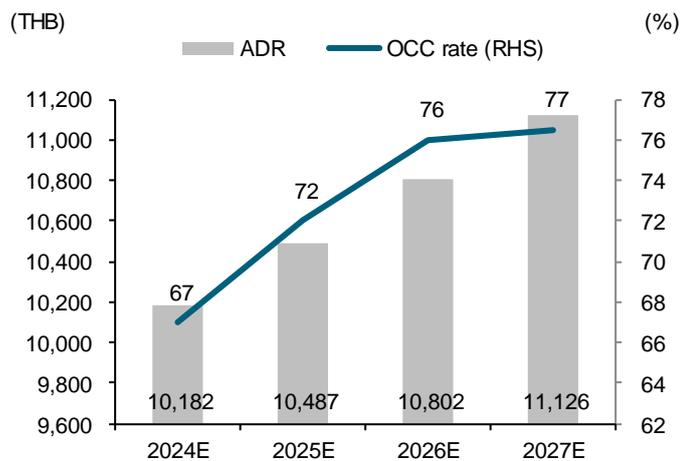
## Project details and key assumptions

### Hotel

The hotel will become the new flagship of DUSIT. It will be a five-star hotel with 39 floors, 259 guest rooms, eight dining rooms and six meeting rooms. The hotel is a single-loaded corridor design and gives all hotel rooms the same view of Lumpini Park.

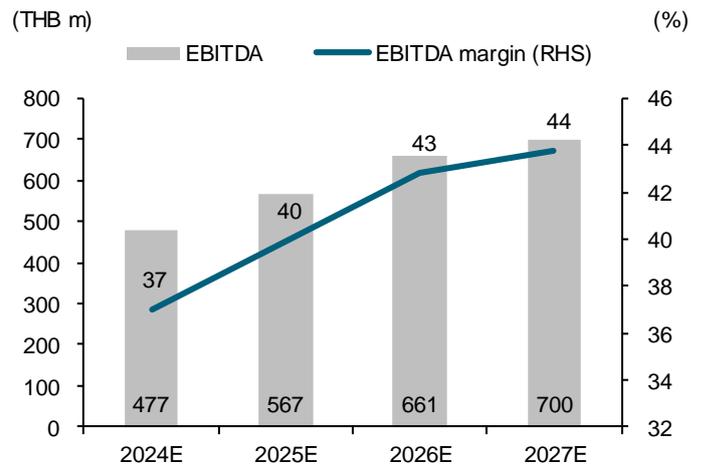
DUSIT is targeting ADR of THB10,000 for the hotel vs THB3,150 for the old flagship in 2018. Although the number of guest rooms will drop from the 517 rooms in the old hotel to 259 rooms in the new hotel, we estimate revenue of THB1.5b for the new hotel in 2025, more than the old hotel's THB0.8b in 2018, due to higher ADR and higher revenue from F&B and MICE. The hotel project is the unit that is scheduled to open first in 1Q24.

Exhibit 7: DCP hotel project key assumptions



Sources: DUSIT; FSSIA estimates

Exhibit 8: DCP hotel project EBITDA



Sources: DUSIT; FSSIA estimates

### Residential project

The residential project will be a 69-storey tower and will offer two brands: Dusit Residence and Dusit Parkside. Details are as follows:

Exhibit 9: Details of residential project

	Dusit Parkside	Dusit Residences
Number of units	246	160
Saleable area	20,054 sqm	30,489 sqm
Average unit price	THB340,000 per sqm	THB340,000 per sqm
Type	1-2 bedroom units	2-4 bedrooms and penthouses
Design	Simplex and duplex units	Simplex, simplex with double height and duplex
Unit size	55-115 sqm	117-700 sqm

Sources: DUSIT

**Exhibit 10: Example of Dusit Parkside**



Source: DUSIT

**Exhibit 11: Example of Dusit Residences**



Source: DUSIT

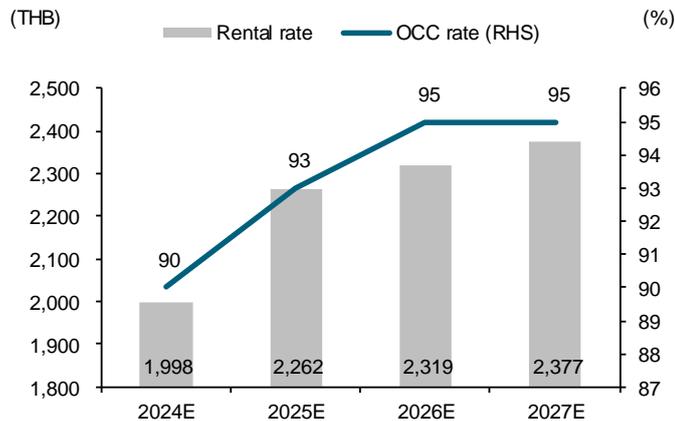
So far, the take-up rate of the project is c40%, with most customers being Thai citizens. DUSIT expects sales to foreign customers to rise after Thailand's full reopening. The residential units are scheduled to open by 3Q25. We assume the transfer of residential units to take place over 2025-26 (80% in 2025 and 20% in 2026).

**Shopping mall project**

The shopping mall, called Central Park, is meant to host iconic international and local brands with over 80,000 sqm across eight floors of retail space. On top of the retail podium will be Roof Park, an expansive outdoor retreat providing 11,200 sqm of green space for leisure activities and events.

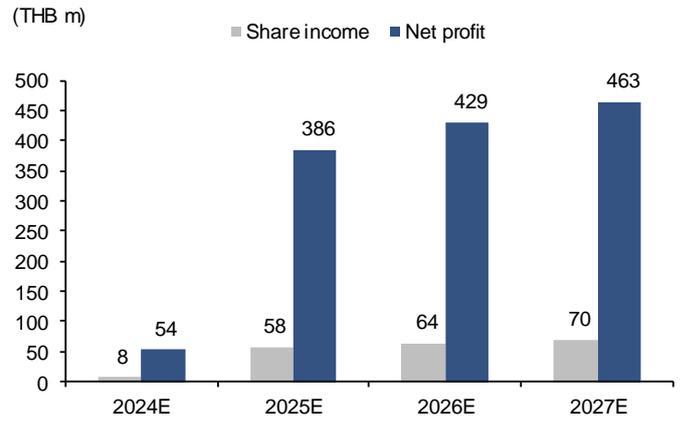
The net leasable area is c43,000 sqm. We estimate a rental fee of THB2,000/sqm/month in 2024 compared to the rental rate of THB1,700-1,800/sqm/month for Central World shopping mall in 2019.

**Exhibit 12: DCP shopping mall project key assumptions**



Sources: DUSIT; FSSIA estimates

**Exhibit 13: Share income from shopping mall project**



Sources: DUSIT; FSSIA estimates

## Comparison of DCP project with old flagship hotel

We estimate that the revenue generated by the new hotel (THB1.5b) will be larger than that generated by the old hotel (THB0.8b in 2018). As DUSIT holds a 60% stake in the hotel project, this implies that the new hotel would contribute around THB0.9b to DUSIT.

As a result, revenue from the hotel project would not differ significantly from the old flagship hotel. However, DUSIT should get additional share income from the retail shopping mall of around THB60m-70m per year and hotel management and brand loyalty fees of THB60m-80m per year. Therefore, we conclude that the DCP project would contribute a profit of THB240m-300m to DUSIT's net profit in 2025-26.

In addition, we estimate that the residential project would offer a one-off profit totalling THB3.0b-4.0b over 2025-26 (Dusit's portion would be around THB2.0b-2.4b).

### Exhibit 14: Comparison of DCP project and old flagship hotel

	DCP project	DCP project (DUSIT's portion)	Old Dusit Thani Bangkok in 2018
	(THB m)	(THB m)	(THB m)
<b>Hotel in 2025</b>			
OCC rate (%)	72	72	77
ADR (THB)	10,487	10,487	3,150
Revenue	1,420	852	840
EBITDA	567	340	180
Net profit	170	102	n/a
<b>Residential in 2025-26</b>			
Revenue for residential business	17,414	10,448	-
Net profit for residential units	4,005	2,403	-
<b>Shopping Mall in 2025</b>			
OCC rate	93	93	-
Rental rate	2,262	2,262	-
Revenue	1,083	162	-
Net profit	386	58	-
<b>Hotel Management fee/Brand Loyalty fee</b>	-	85	-

Sources: DUSIT; FSSIA estimates

## Hotel business to recover in 2022

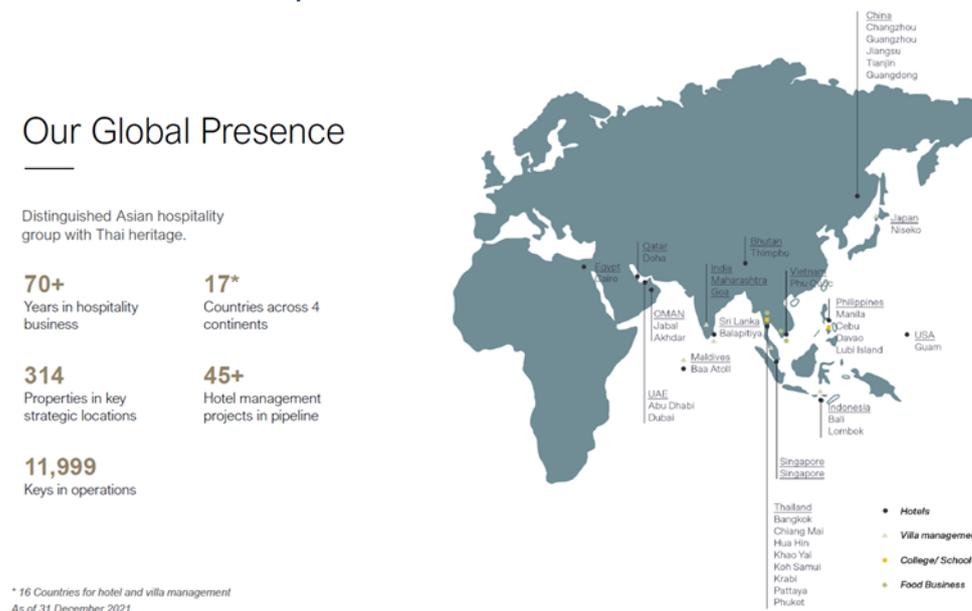
DUSIT’s hotel portfolio consists of 47 hotels and 267 villas in 16 countries with a total of c12,000 rooms currently. Of this, nine hotels are owned hotels with c2,000 guest rooms in Thailand, Maldives and the Philippines, while the remaining 38 hotels are managed hotels. DUSIT also manages 267 luxury villas located in prime tourist destinations such as Bali, Phuket, Koh Samui, Sri Lanka, and Japan through the Elite Havens brand, which provides rental and accommodation services

Exhibit 15: DUSIT’s hotel brands

FULL SERVICE			LIMITED SERVICE			EXPERIENCE	
Bespoke/ Luxury	Midscale	Economy	Budget	Branded Residence	Lifestyle/ Boutique	Cruise/ Villa/ Vacation Club	Sharing Economy
<b>Dusit Thani</b> HOTELS & RESORTS DUSIT DEVARANA HOTELS & RESORTS	<b>dusitD2</b> HOTELS & RESORTS	<b>DUSIT PRINCESS</b> HOTELS & RESORTS		<b>Dusit</b> RESIDENCE	<b>ASAI</b> HOTELS	<b>#</b> ELITE HAVENS	<b>favstay</b>

Source: DUSIT

Exhibit 16: Dusit's hotel portfolio



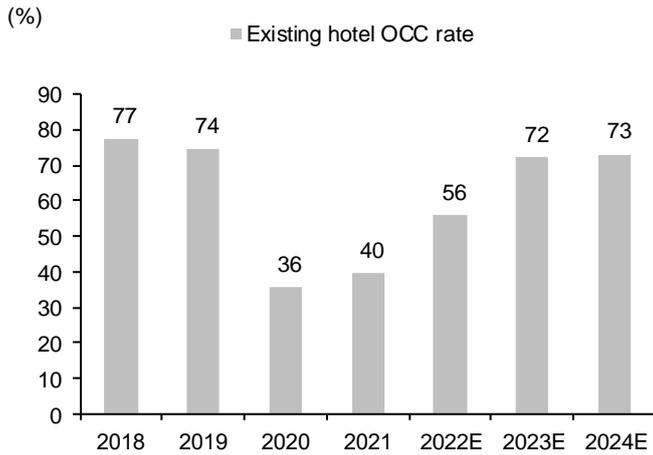
Source: DUSIT

## Expect OCC rate to significantly ramp up in 2H22

The OCC rate of owned hotels has started to recover in 4Q21-1Q22 to 47-53% from 40% in 2021, led by the recovery of its overseas hotels including Dusit Thani Manila and Dusit Thani Maldives. We expect its recovery momentum to continue in 2022 from Thai hotels on the back of pent-up demand from domestic travellers and international tourists after following Thailand’s opening and the easing of travel restrictions.

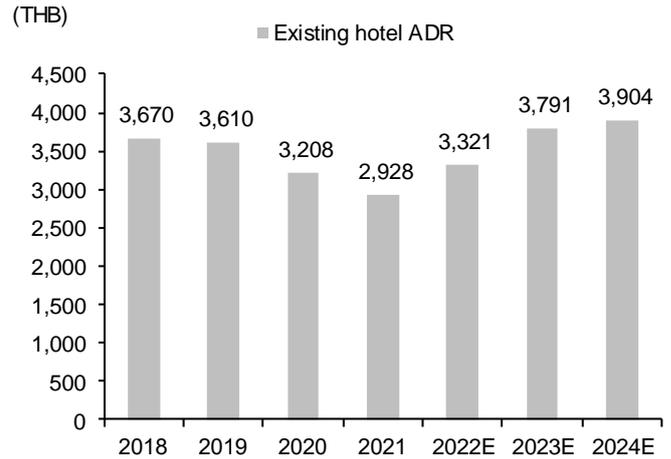
Overall, we expect the OCC rate to gradually recover to 56% in 2022 and almost reach the pre-Covid level in 2024 from 36-40% in 2020-21. Similarly, we estimate ADR to recover from cTHB2,900 in 2021 to cTHB3,800 in 2023. We forecast that DUSIT’s existing hotel business should turn profitable in 2023.

**Exhibit 17: Existing owned hotels OCC rate, yearly**



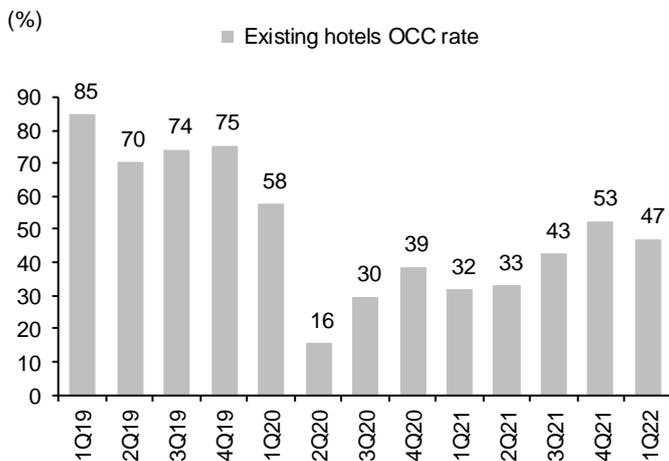
Sources: DUSIT; FSSIA estimates

**Exhibit 18: Existing owned hotels ADR, yearly**



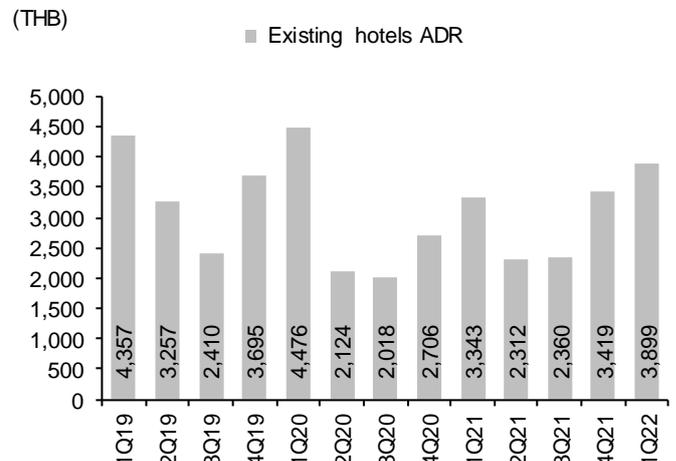
Sources: DUSIT; FSSIA estimates

**Exhibit 19: Existing owned hotels OCC rate, quarterly**



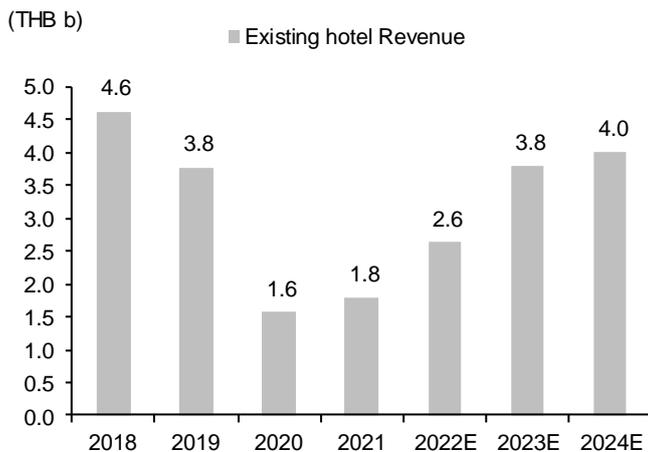
Sources: DUSIT; FSSIA estimates

**Exhibit 20: Existing owned hotels ADR, quarterly**



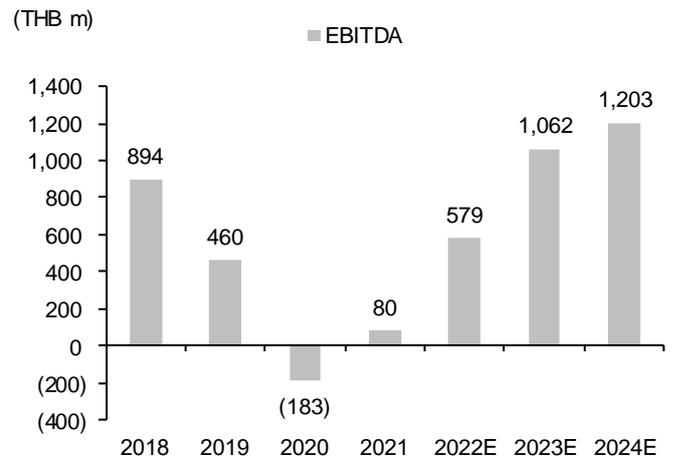
Sources: DUSIT; FSSIA estimates

**Exhibit 21: Hotel revenue excluding DCP forecast**



Sources: DUSIT; FSSIA estimates

**Exhibit 22: Hotel EBITDA excluding DCP forecast**



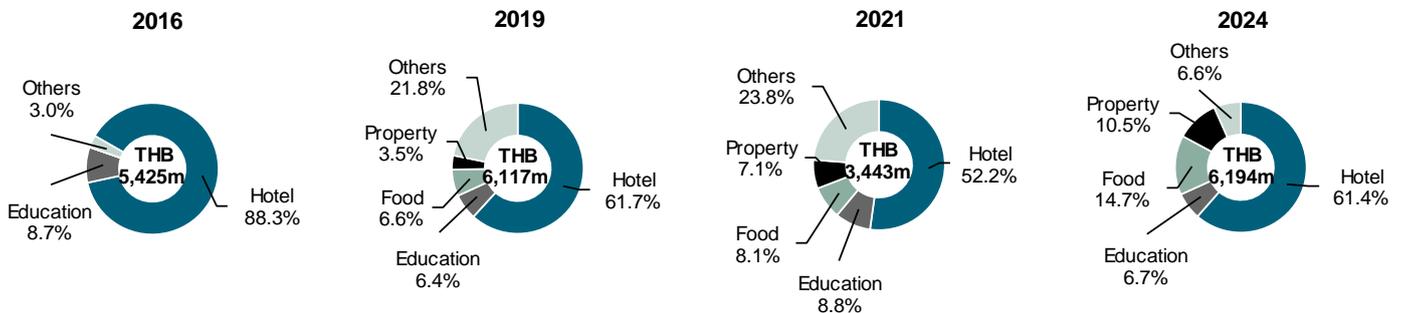
Note: Adopted TFRS16 accounting standard from 2020 onwards (impacted cTHB700m per year)

Sources: DUSIT; FSSIA estimates

## Diversified business

One of DUSIT’s key strategies is to diversify from its hotel business. As of 2021, its non-hotel business accounted for 48% of total revenue. DUSIT expects to continue its diversification strategy and aims to split the revenue between hotel and non-hotel by half of total revenue. The details of each business are as follows.

**Exhibit 23: Revenue breakdown trend**



Sources: DUSIT; FSSIA estimate

**Education business.** This business accounted for 9% of total revenue as of 2021. It consists of 1) Dusit Thani College which offers undergraduate and post-graduate courses; 2) Le Cordon Bleu Dusit Culinary School which is a JV between DUSIT and Le Cordon Bleu International; 3) Dusit Hospitality Management College (DHMC) in the Philippines which offers unique hospitality education concepts; and 4) The Food School project which is Thailand’s first international culinary arts and gastronomic academy. The education business was impacted by the Covid situation following a tuition fee reduction and the postponement of course learning along with the temporary closure of Le Cordon Bleu Dusit Culinary School. Thus, its EBITDA was still negative in 2021. However, it turned positive at THB36m in 1Q22 after lockdown restrictions were eased. We expect the performance to recover in 2022.

**Exhibit 24: Hospitality education business**

FULL DEGREE
DIPLOMA



Hospitality Higher Education



Full Time & Part Time Courses



Vocational

Diploma Courses

Short Courses

Incubation

Online




Collaboration with esteemed partners



Source: DUSIT

**Food business.** This business accounted for 8% of total revenue as of 2021. It consists of 1) Dusit Gourmet which develops its own-branded ready-to-cook products and then distributes them to the global market; 2) Epicure Catering, a market leader in catering services to the school market in Thailand, which has expanded throughout Cambodia and Vietnam; and 3) the Kauai brand which is a healthy fast-casual restaurant. The food business was impacted by the Covid pandemic from Epicure Catering following the temporary closure of international schools. Food EBITDA was negative in 2021. We expect a turnaround in 2022 due to the operational resumption of Epicure Catering since the end of 4Q21.

In addition, DUSIT announced in June that it would acquire a 55% stake in Port Royal and Bonjour Bakery Asia which operates a bakery manufacturing factory in Rayong and operates the “Bonjour” retail bakery with more than 50 branches in Thailand and another one in China. This should support its long-term revenue target of THB1.0b from the food business from THB0.3b-0.5b in 2019-21.

**Exhibit 25: Food business**



Source: DUSIT

**Property business.** Aside from the residential units under the DCP project, DUSIT has a JV with Origin Property (ORI TB, not rated) to develop Hampton Sriracha (DUSIT holds a 49% stake), located in Chonburi. This project is a condominium with 468 units with a total value of THB1.4b. The official launch of condominium pre-sales started in 2021 and construction is expected to be completed within 2023.

**Exhibit 26: Hampton Sriracha**



Source: DUSIT

## Financial analysis

### Earnings to turn around in 2023 and jump in 2024

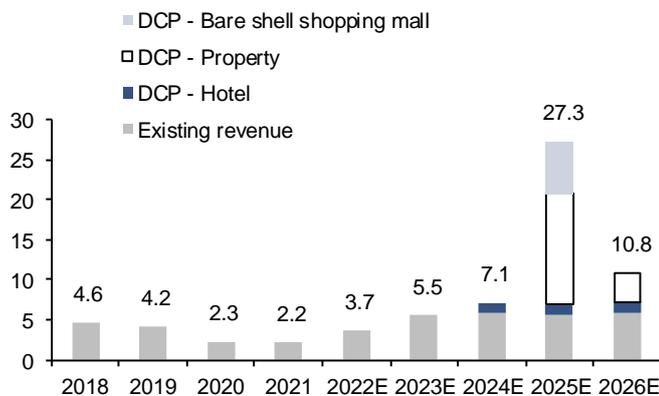
We expect normalised revenue (excluding non-recurring items) to recover to THB3.4b, or 80% of the pre-Covid level, in 2022 and exceed the pre-Covid level in 2023, led by the non-hotel business (food and property). Revenue should jump in 2024 when the DCP project opens, and should peak during 2025-26 when DCP's residential units start to transfer. In terms of profitability, we expect DUSIT to turn profitable in 2023 when we estimate the OCC rate of its existing hotels to reach more than 70% (vs the pre Covid level of 74%) and the non-hotel business turns profitable. The food and education businesses should recover after Covid becomes endemic, while the property business should contribute a profit, led by the transfer of residential units at Hampton Sriracha.

We expect revenue to jump to THB7.1b in 2024 when the DCP project starts operating, and we estimate it to reach its peak at THB27.3b in 2025. We assume that the hotel unit will open in 1Q24, that residential units will be transferred in 2025-26, the shopping mall bare shell should be transferred to REJV in 3Q24 and the shopping mall should open in 3Q24. We expect the hotel to contribute a profit from the first year of operation based on a 67% OCC rate and an ADR of cTHB10,000.

Aside from the strong revenue that we expect, DUSIT should book share income from the retail shopping mall of THB60m-70m per year and hotel management and brand loyalty fees of THB60m-80m per year. This would flow almost directly to the bottom line. As a result, we expect DUSIT's core profit to jump to THB365m in 2024 and to THB3.0b in 2025 (cTHB500m if excluding profit from transferring residential and bare shell shopping mall).

#### Exhibit 27: Revenue forecast

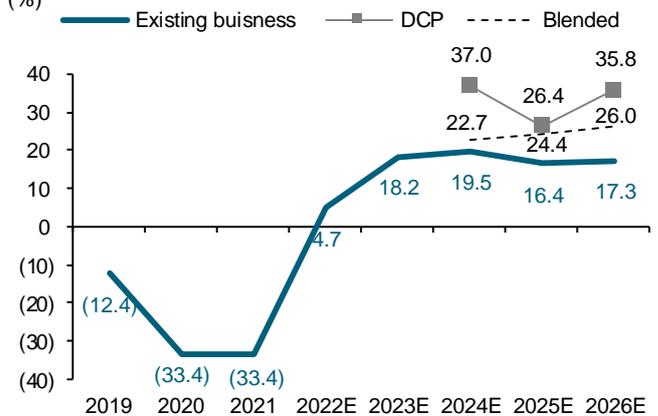
(THB b)



Note: Excludes non-recurring items  
Sources: DUSIT; FSSIA estimates

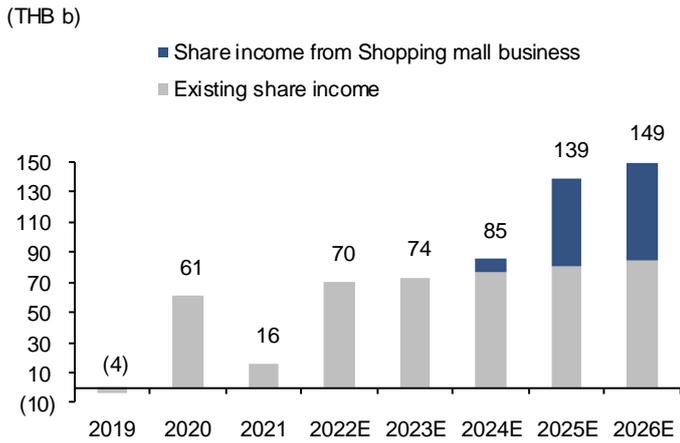
#### Exhibit 28: EBITDA margin

(%)



Note: EBITDA margin excludes other income and non-recurring items  
Sources: DUSIT; FSSIA estimates

**Exhibit 29: Share income forecast**

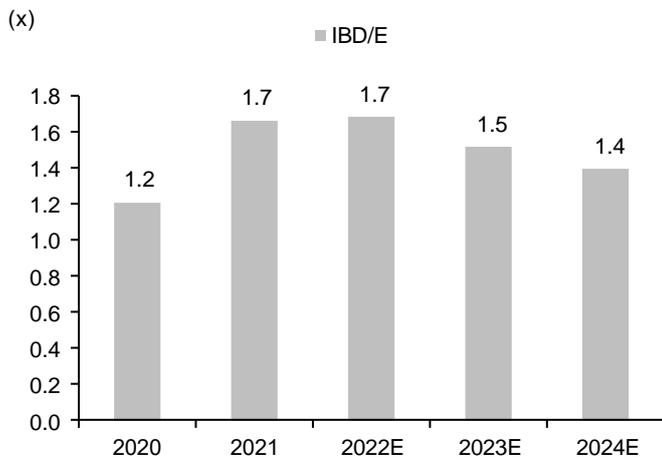


Note: 1) EBT includes minority interests and equity income; 2) DCP calculated based on 60% share held by DUSIT  
Sources: DUSIT; FSSIA estimates

**Balance sheet**

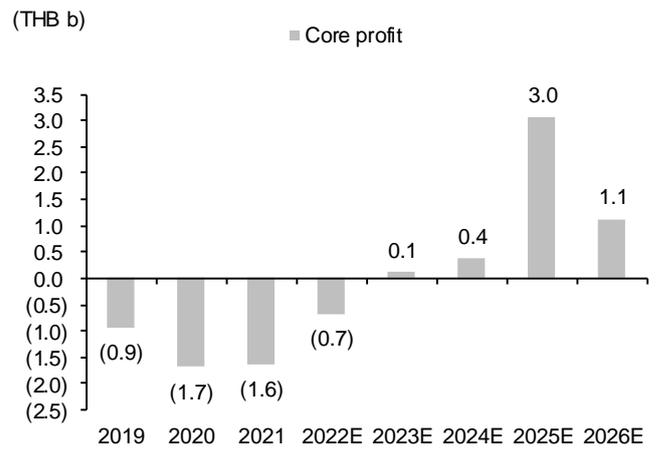
According to management, DUSIT has capex totalling THB17.3b for its portion of the DCP project. The source of funding for this capex consists of long-term loans or debentures, cash flow from the retail bare-shell lease that CPN would mostly be responsible to pay and internal cashflow. Based on our assumptions, DUSIT's IBD/E ratio would be 1.4x-1.7x which is lower than its debt covenant of 1.75x IBD/E and 3.0x net IBD/E.

**Exhibit 31: IBD/E excluding lease liabilities**



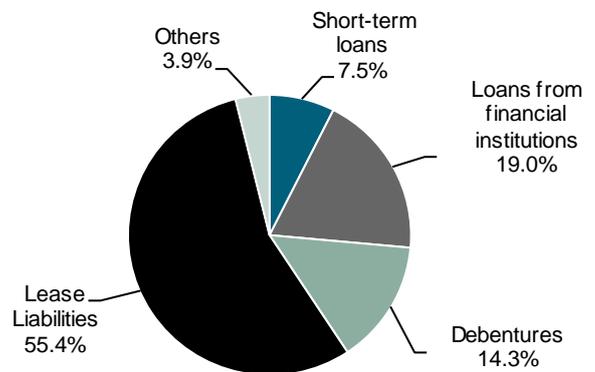
Sources: DUSIT; FSSIA estimates

**Exhibit 30: Core profit forecast**



Sources: DUSIT; FSSIA estimates

**Exhibit 32: Debt of THB13.9b, breakdown as of 1Q22**



Source: DUSIT

## Valuation and TP

We initiate coverage of DUSIT with a BUY rating and a TP of THB18/shr, based on DCF valuation using 2023 as the base year. We assume an 8.1% WACC and 3% terminal growth, derived from a 3% risk-free rate, 8% market risk premium, 1.3 beta and a 50% debt/50% equity weighting.

Our DCF-derived TP of THB18/shr consists of 1) a core business value of THB12.4/shr; 2) DCP residential project value of THB2.6/shr; and 3) net cash and investments of THB3.0/shr. Our TP implies 42x 2024E P/E and 36x 2024E P/E if we exclude the DCP residential project valuation. Note that we use 2024 as a reference as it would be the first year that DCP starts operating.

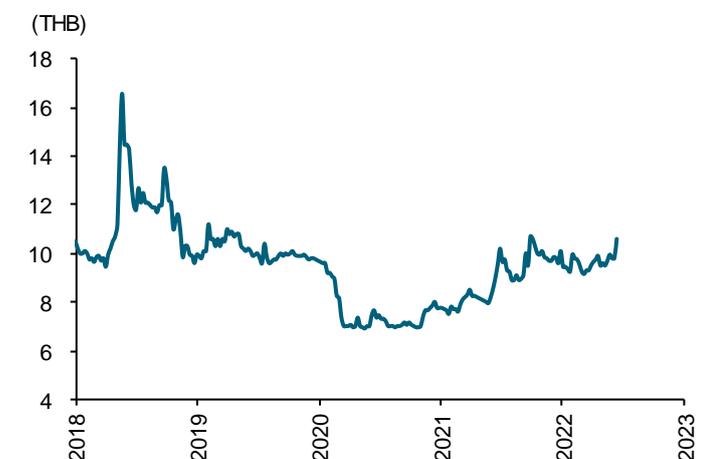
DUSIT is now trading at an attractive valuation of 25x 2024E P/E. We believe the DCP project has not been priced in yet. The DCP project should be a re-rating catalyst for DUSIT due to the improving margin we project for the hotel business and the recurring share income from the retail shopping mall.

### Exhibit 33: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		3.5
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.3			
Cost of equity, Ke		13.4	Net cost of debt, Kd		2.8
Weight applied		50.0	Weight applied		50.0
WACC		8.1			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		11.7	13.8	WACC 8.1%, risk-free rate 3%, risk premium 8%	
Terminal value		21.6	25.4	Terminal growth 3%	
DCP Residential business		2.2	2.6	Project value of THB17.0b with EBITDA margin of 30-35% / DUSIT portion of 60%	
Cash & liquid assets		0.1	0.1	At end-2023E	
Investments		2.4	2.9	At end-2023E	
Debt		(18.3)	(21.5)	At end-2023E	
Minorities		(4.5)	(5.3)	At end-2023E	
<b>Residual ordinary equity</b>		<b>15.3</b>	<b>18.0</b>		

Sources: FSSIA estimates

### Exhibit 34: DUSIT – share price performance



Sources: Bloomberg; FSSIA estimates

### Exhibit 35: One-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 36: Peer comparisons as of 16 Jun-22

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
<b>Thailand</b>														
Asset World Corp	AWC TB	BUY	4.8	6	25	4,369	526.0	73.6	0.4	2.6	1.9	1.8	67.2	34.5
Minor International	MINT TB	BUY	32.75	45	37	4,897	65.4	27.6	4.2	10.0	2.4	2.8	12.7	10.9
Central Plaza Hotel	CENDEL TB	BUY	41.75	49	17	1,603	95.3	27.3	3.2	10.5	3.0	2.7	17.8	12.0
Erawan Group	ERW TB	BUY	3.74	4	7	482	(169.2)	41.5	(1.7)	6.7	2.9	2.7	25.3	14.7
S Hotels & Resorts	SHR TB	BUY	4.2	5.2	24	429	129.5	29.5	0.7	3.2	0.9	0.9	14.1	10.1
Dusit Thani	DUSIT TB	BUY	10.7	18	68	259	(13.5)	83.7	(22.3)	3.9	3.3	3.2	159.1	31.5
<b>Thailand average</b>						<b>12,039</b>	<b>105.6</b>	<b>47.2</b>	<b>(2.6)</b>	<b>6.1</b>	<b>2.4</b>	<b>2.4</b>	<b>49.4</b>	<b>18.9</b>
<b>Regional*</b>														
Shanghai Jin Jiang Capital	2006 HK	n/a	3.09	n/a	n/a	2,191	138.9	36.6	1.1	4.2	1.6	1.5	n/a	n/a
Btg Hotels Group	600258 CH	n/a	21.80	n/a	n/a	3,600	84.1	25.0	2.0	7.9	2.1	2.0	25.3	13.9
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.80	n/a	n/a	7,269	29.0	7.4	2.9	9.7	0.8	0.7	31.8	16.8
Huangshan Tourism Develop	900942 CH	n/a	0.75	n/a	n/a	959	49.7	12.4	0.9	6.4	0.8	0.8	23.7	9.1
Genting Bhd	GENT MK	n/a	4.62	n/a	n/a	3,991	18.1	11.0	2.8	4.5	0.5	0.5	8.1	6.7
Greentree Hospitality	GHG US	n/a	3.61	n/a	n/a	372	12.5	7.2	9.8	14.9	1.1	0.9	6.6	3.7
Huazhu Group	HTHT US	n/a	29.74	n/a	n/a	9,571	n/a	31.5	0.8	17.3	5.6	4.8	43.1	14.3
Indian Hotels	IH IN	n/a	214.25	n/a	n/a	3,900	n/a	49.2	(4.5)	8.3	5.2	4.0	61.2	25.2
Lemon Tree Hotels	LEMONTRE IN	n/a	61.95	n/a	n/a	629	n/a	76.1	(6.2)	7.0	5.7	5.6	47.3	21.0
Lippo Karawaci	LPKR IJ	n/a	115.00	n/a	n/a	545	32.5	21.8	1.2	1.8	0.4	0.4	9.0	8.0
<b>Regional average</b>						<b>33,027</b>	<b>52.1</b>	<b>27.8</b>	<b>1.1</b>	<b>8.2</b>	<b>2.4</b>	<b>2.1</b>	<b>28.4</b>	<b>13.2</b>
<b>Overall average</b>						<b>45,066</b>	<b>76.8</b>	<b>35.1</b>	<b>(0.3)</b>	<b>7.4</b>	<b>2.4</b>	<b>2.2</b>	<b>36.8</b>	<b>15.5</b>

Sources: \*Bloomberg; FSSIA estimates

## Appendix: Background

DUSIT is one of the leading hotel operators in Thailand with the uniqueness of providing Thai services at an international standard. DUSIT started its business in 1948 with Thanpuying Chanut Piyaoui as the founder, and established the Princess Hotel as the first hotel in 1949. The company was listed on the Stock Exchange of Thailand in 1975 and in 1993 the company was converted from a limited company into a public limited company.

In 2017, the company formulated a long-term strategic plan for sustainable growth consisting of 1) a balance of geographic income by increasing the proportion of its foreign business to 50%; 2) diversification of business; and 3) business expansion by expanding the number of rooms to double from approximately 7,000 keys in 2016 to 14,000 keys by 2021.

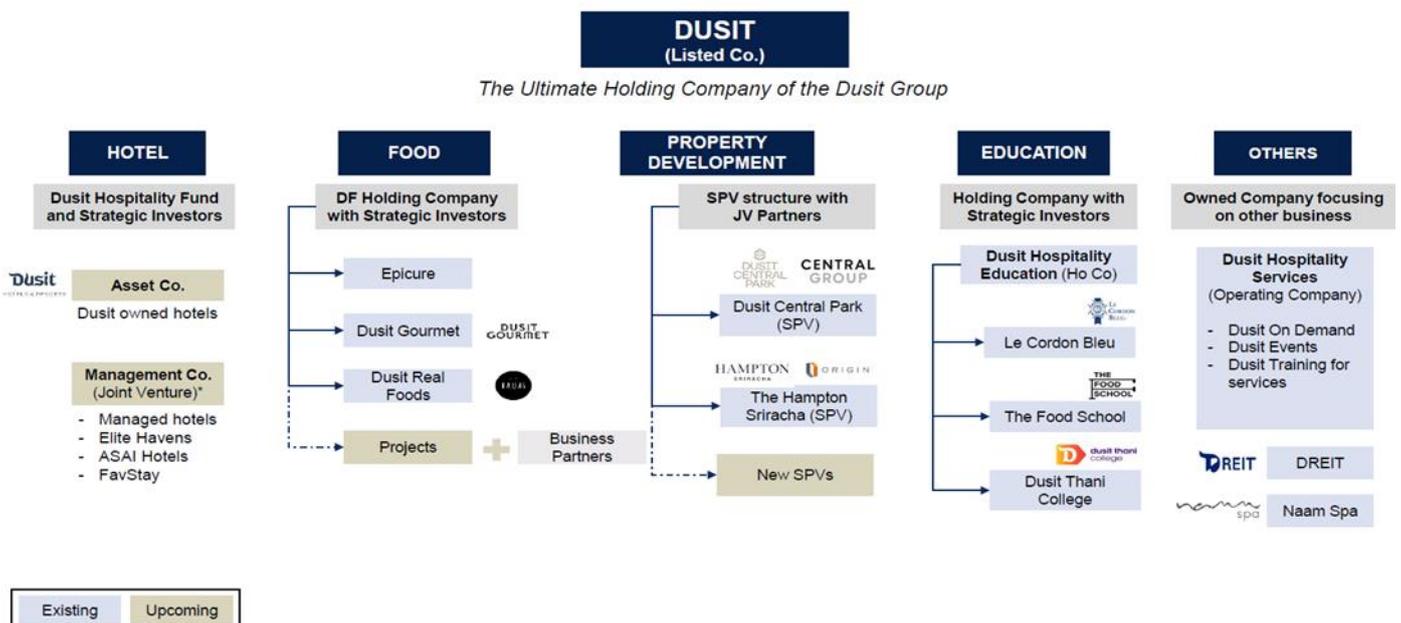
The Covid pandemic delayed its original plans. However, it remains on-track to achieve its nine-year growth plan. DUSIT will enter the “unlock value creation” phase in 2023-25 when the development projects are gradually completed, starting from the The Hampton Sriracha by Origin and Dusit (2023), and the mixed-use project, Dusit Central Park (early 2024 onwards), which will allow the company to gradually earn more income.

Exhibit 37: Long-term strategic roadmap



Source: DUSIT

Exhibit 38: Business structure



\*Investors may come in at the holding level – to be finalised

Source: DUSIT

## Corporate Governance - DUSIT

### Board structure

Number of Independent Directors (ID)	8 of 12 board members
Percentage of IDs on the board	67%
ID participation/attendance at board meetings	99%
ID participation in audit/remuneration committees	3/3 in audit committee and 3/3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Three-year term and the Board may propose a director who has retired by rotation to the AGM to consider the re-election of such director for another term.

Source: DUSIT's annual report 2021

**Additional comments:** 9 of 12 (75%) are non-executive directors, and 3 of 12 are executive directors. At least half of the directors must reside in the Kingdom.

### Audit Practices

Auditor	In Thailand, KPMG Phoomchai Audit Ltd. Subsidiaries, associates and joint ventures in overseas - R.G. Manabat & Co. (a member firm of KPMG), Makati City, Philippines - KPMG, Male, Republic of Maldives - KPMG Huazhen LLP, Shanghai, People's Republic of China - KPMG, Male, Republic of Maldives as consultant for income tax of subsidiaries
Length of service	More than five years
Reporting incidents	None
Fee track record	1) The audit fee of the Company and subsidiaries in Thailand paid to KPMG Phoomchai Audit Limited equaled to THB6.89m in 2021 and THB6.85m in 2020. 2) The audit fee of subsidiaries, associates and joint ventures in overseas - R.G. Manabat & Co. (a member firm of KPMG), Makati City, Philippines was Peso 1.23m in 2021 and Peso 1.26m in 2020. - KPMG, Male, Republic of Maldives in total of USD21,825 in 2021 and USD 22,525 in 2020. - KPMG Huazhen LLP, Shanghai, People's Republic of China in total of RMB 284,250 in 2021 and RMB 323,500 in 2020. - The consulting service fees related to income tax of subsidiaries overseas amount of USD 7,200 in 2021, and USD 6,800 in 2020.
Policy on change of audit firm	To review every five years

Source: DUSIT's annual report 2021

**Additional comments:** None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB6.8m vs net loss of THB945m, In 2020, THB7.2m vs net loss of THB1,011m and in 2019, THB9.1m vs net profit of THB320m.
Changes/stability in senior management	Change of CFO on 1 Jun 2020, to Mr Sukit Ngamsangapong, in position of Chief Financial Officer, from Mr Narongchai Wongthanavimok, in position of Group Chief Financial Officer.
Incidents of termination of senior management	None
Track record on insider sales	None

Source: DUSIT's annual report 2021

**Additional comments:** Professor Hiran Radeedri from the position of Independent Director and Chairman of the Audit Committee due to long year service as 22 years as Independent Director and 21 years as Chairman of the Audit Committee for 21, effective from October 1, 2021. He was appointed Advisor to the Board of Directors thereafter. Replacement is Mr. Winid Silamongkol.

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines. Due to widespread of the Covid-19, AGM in on 29 Apr 2021 was held through electronic means. A total of 45 shareholders personally attended or were represented by proxies, amounting to 739,970,112 shares of total 850,000,000 issued shares, representing 87.06% of issued shares. The minutes had been made available on the Company's website (www.dusit-international.com) on 13 May 2021, both in Thai and English.
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Source: DUSIT's annual report 2021

**Additional comments:** As end of Mar-22, the group of Thanpuying Chanut Piyaoi and related persons hold 49.94% shares. The group consists of Chanut and Children Co., Ltd., group of Mr. Chanin Donavanik, group of Mrs. Sinee Thienprasidhi and group of Mrs. Sunong Salirathavibhaga. The second top holder is Central Pattana Public Company Limited, 17.09%. The top two major shareholders hold 67.03% combined.



## Financial Statements

Dusit Thani

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	2,272	2,194	3,698	5,541	7,117
Cost of goods sold	(1,219)	(1,104)	(1,553)	(2,383)	(2,902)
<b>Gross profit</b>	<b>1,054</b>	<b>1,091</b>	<b>2,145</b>	<b>3,159</b>	<b>4,215</b>
Other operating income	-	-	-	-	-
Operating costs	(1,812)	(1,825)	(1,971)	(2,148)	(2,599)
<b>Operating EBITDA</b>	<b>(758)</b>	<b>(734)</b>	<b>174</b>	<b>1,010</b>	<b>1,615</b>
Depreciation	(920)	(940)	(995)	(1,002)	(1,280)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(1,678)</b>	<b>(1,674)</b>	<b>(821)</b>	<b>8</b>	<b>335</b>
Net financing costs	(404)	(459)	(479)	(515)	(591)
Associates	61	16	70	74	85
Recurring non-operating income	352	456	547	669	769
Non-recurring items	680	677	135	0	0
<b>Profit before tax</b>	<b>(1,051)</b>	<b>(1,000)</b>	<b>(618)</b>	<b>163</b>	<b>512</b>
Tax	1	(24)	50	(4)	(43)
<b>Profit after tax</b>	<b>(1,050)</b>	<b>(1,024)</b>	<b>(568)</b>	<b>159</b>	<b>470</b>
Minority interests	39	79	30	(50)	(105)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(1,011)</b>	<b>(945)</b>	<b>(538)</b>	<b>109</b>	<b>365</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(680)</b>	<b>(677)</b>	<b>(135)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(1,691)</b>	<b>(1,622)</b>	<b>(672)</b>	<b>109</b>	<b>365</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.99)	(1.91)	(0.79)	0.13	0.43
Reported EPS	(1.19)	(1.11)	(0.63)	0.13	0.43
DPS	0.00	0.00	0.00	0.09	0.30
Diluted shares (used to calculate per share data)	850	850	850	850	850
<b>Growth</b>					
Revenue (%)	(45.8)	(3.4)	68.5	49.8	28.4
Operating EBITDA (%)	nm	nm	nm	479.5	59.9
Operating EBIT (%)	nm	nm	nm	nm	3,876.0
Recurring EPS (%)	nm	nm	nm	nm	235.7
Reported EPS (%)	nm	nm	nm	nm	235.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	5.9	6.9	31.1	38.9	41.2
Gross margin of key business (%)	5.9	6.9	31.1	38.9	41.2
Operating EBITDA margin (%)	(33.4)	(33.4)	4.7	18.2	22.7
Operating EBIT margin (%)	(73.9)	(76.3)	(22.2)	0.2	4.7
Net margin (%)	(74.4)	(73.9)	(18.2)	2.0	5.1
Effective tax rate (%)	0.0	(1.4)	20.0	5.0	10.0
Dividend payout on recurring profit (%)	-	-	-	70.0	70.0
Interest cover (X)	(3.3)	(2.7)	(0.6)	1.3	1.9
Inventory days	19.5	20.7	488.7	937.6	1,386.3
Debtor days	163.9	90.8	43.2	28.8	22.5
Creditor days	414.5	414.8	281.7	193.7	174.6
Operating ROIC (%)	(16.1)	(10.5)	(3.5)	0.0	1.1
ROIC (%)	(9.0)	(6.0)	(0.9)	2.3	3.0
ROE (%)	(37.7)	(43.1)	(22.3)	3.9	12.1
ROA (%)	(7.2)	(5.3)	(1.2)	2.2	2.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	1,081	1,145	2,195	3,383	4,372
Others	1,191	1,049	1,504	2,158	2,745

Sources: Dusit Thani; FSSIA estimates

## Financial Statements

Dusit Thani

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(1,691)	(1,622)	(672)	109	365
Depreciation	920	940	995	1,002	1,280
Associates & minorities	-	-	-	-	-
Other non-cash items	2,509	1,639	105	50	105
Change in working capital	1,291	(165)	(3,877)	(3,856)	(5,363)
<b>Cash flow from operations</b>	<b>3,030</b>	<b>793</b>	<b>(3,449)</b>	<b>(2,696)</b>	<b>(3,612)</b>
Capex - maintenance	(12,913)	(1,543)	(1,286)	(1,023)	(1,028)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	214	(71)	(294)	(294)	(441)
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(12,699)</b>	<b>(1,613)</b>	<b>(1,580)</b>	<b>(1,317)</b>	<b>(1,469)</b>
Dividends paid	(245)	(9)	0	0	(76)
Equity finance	0	0	0	0	0
Debt finance	9,120	672	2,000	2,000	3,000
Other financing cash flows	(386)	(52)	1,966	1,931	2,580
<b>Cash flow from financing</b>	<b>8,489</b>	<b>610</b>	<b>3,966</b>	<b>3,931</b>	<b>5,504</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>(1,180)</b>	<b>(210)</b>	<b>(1,063)</b>	<b>(81)</b>	<b>422</b>
Free cash flow to firm (FCFF)	(9,247.88)	(351.20)	(4,525.52)	(3,494.81)	(4,489.12)
Free cash flow to equity (FCFE)	(934.69)	(200.88)	(1,062.66)	(81.21)	498.19

### Per share (THB)

FCFF per share	(10.88)	(0.41)	(5.32)	(4.11)	(5.28)
FCFE per share	(1.10)	(0.24)	(1.25)	(0.10)	0.59
Recurring cash flow per share	2.05	1.13	0.50	1.37	2.06

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	20,191	22,008	23,294	24,317	25,345
Less: Accumulated depreciation	(3,932)	(5,147)	(6,142)	(7,144)	(8,425)
<b>Tangible fixed assets (net)</b>	<b>16,259</b>	<b>16,861</b>	<b>17,152</b>	<b>17,172</b>	<b>16,920</b>
<b>Intangible fixed assets (net)</b>	<b>652</b>	<b>652</b>	<b>652</b>	<b>652</b>	<b>652</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,781	1,851	2,145	2,439	2,880
Cash & equivalents	1,420	1,210	148	66	489
A/C receivable	653	438	438	438	438
Inventories	61	65	4,095	8,147	13,899
Other current assets	403	490	656	746	821
<b>Current assets</b>	<b>2,538</b>	<b>2,203</b>	<b>5,336</b>	<b>9,397</b>	<b>15,647</b>
Other assets	1,608	2,217	2,217	2,217	2,217
<b>Total assets</b>	<b>22,838</b>	<b>23,784</b>	<b>27,502</b>	<b>31,877</b>	<b>38,316</b>
Common equity	4,243	3,287	2,750	2,858	3,147
Minorities etc.	699	607	2,543	4,524	7,209
<b>Total shareholders' equity</b>	<b>4,942</b>	<b>3,895</b>	<b>5,293</b>	<b>7,383</b>	<b>10,356</b>
Long term debt	11,326	12,970	14,970	16,970	19,970
Other long-term liabilities	2,706	4,317	4,317	4,317	4,317
<b>Long-term liabilities</b>	<b>14,032</b>	<b>17,287</b>	<b>19,287</b>	<b>21,287</b>	<b>24,287</b>
A/C payable	1,388	1,121	1,277	1,252	1,525
Short term debt	2,252	1,281	1,281	1,281	1,281
Other current liabilities	224	201	365	675	867
<b>Current liabilities</b>	<b>3,864</b>	<b>2,603</b>	<b>2,922</b>	<b>3,208</b>	<b>3,673</b>
<b>Total liabilities and shareholders' equity</b>	<b>22,838</b>	<b>23,784</b>	<b>27,502</b>	<b>31,877</b>	<b>38,316</b>
Net working capital	(495)	(330)	3,547	7,403	12,766
Invested capital	19,806	21,252	25,713	29,884	35,435

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

### Per share (THB)

Book value per share	4.99	3.87	3.24	3.36	3.70
Tangible book value per share	4.22	3.10	2.47	2.60	2.94

### Financial strength

Net debt/equity (%)	246.0	334.8	304.2	246.3	200.5
Net debt/total assets (%)	53.2	54.8	58.6	57.0	54.2
Current ratio (x)	0.7	0.8	1.8	2.9	4.3
CF interest cover (x)	(1.3)	0.6	(1.2)	0.8	1.8

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(5.4)</b>	<b>(5.6)</b>	<b>(13.5)</b>	<b>83.7</b>	<b>24.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(9.0)</b>	<b>(9.4)</b>	<b>(22.8)</b>	<b>140.9</b>	<b>42.0</b>
Reported P/E (x)	(9.0)	(9.6)	(16.9)	83.7	24.9
Dividend yield (%)	-	-	-	0.8	2.8
Price/book (x)	2.1	2.8	3.3	3.2	2.9
Price/tangible book (x)	2.5	3.5	4.3	4.1	3.6
EV/EBITDA (x) **	(29.0)	(31.0)	159.1	31.5	22.9
EV/EBITDA @ target price (x) **	(37.1)	(39.4)	194.7	37.6	26.8
EV/invested capital (x)	1.1	1.1	1.1	1.1	1.0

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

Sources: Dusit Thani; FSSIA estimates

## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAHA	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAH	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Dusit Thani	DUSIT TB	THB 10.70	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 4.80	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 32.75	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 41.75	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.
The Erawan Group	ERW TB	THB 3.74	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 4.20	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.
Dusit Thani	DUSIT TB	THB 10.70	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 Pattana	CPN TB	THB 58.75	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.
Bangkok Dusit Medical Services	BDMS TB	THB 24.10	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 16-Jun-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.