

S HOTELS AND RESORTS

SHR TB

THAILAND / TOURISM & LEISURE

BUY

UNCHANGED

Fears are overdone

- Impact of rising utilities costs for UK hotels is manageable with a hedging strategy until 1Q23; higher ADR to offset the impact.
- Turnaround expected in 2H22, with strong 4Q22 profit driven by Maldives and Thai hotels.
- Maintain BUY with DCF-TP of THB5.0/shr (from THB5.2/shr).

TARGET PRICE	THB5.00
CLOSE	THB3.20
UP/DOWNSIDE	+56.3%
PRIOR TP	THB5.20
CHANGE IN TP	-3.8%
TP vs CONSENSUS	-3.1%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,512	8,694	10,091	10,700
Net profit	(1,234)	(162)	438	666
EPS (THB)	(0.34)	(0.05)	0.12	0.19
vs Consensus (%)	-	nm	25.0	5.6
EBITDA	363	1,564	2,463	2,714
Core net profit	(1,229)	(162)	438	666
Core EPS (THB)	(0.34)	(0.05)	0.12	0.19
Chg. In EPS est. (%)	nm	nm	(14.4)	(6.1)
EPS growth (%)	nm	nm	nm	52.0
Core P/E (x)	(9.4)	(70.9)	26.2	17.3
Dividend yield (%)	-	-	1.5	2.3
EV/EBITDA (x)	76.2	14.9	8.8	7.5
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	101.9	75.6	63.3	53.8
ROE (%)	(7.8)	(1.0)	2.8	4.1

Positive feedback from exclusive talk with management

SHR's share price has plunged by 26% over the past three months on concerns over rising energy costs in the UK (35-40% of revenue). We hosted an exclusive talk with management today and received positive feedback. SHR has already hedged and locked in natural gas and electricity prices (3% of revenue each as of 8M22) until 1Q23 at c40-50% discounts to the market rates. This should ensure manageable costs in the upcoming winter. SHR expects the prices to drop next summer, which would be the entry point for a hedging position in 2023. In addition, ADR should increase by 15-20% in 2022 and rise a further 5-10% in 2023, driven by organic growth and SHR's renovation plan for its major hotels in 2023. This would also reduce the impact of the rising utilities costs.

OCC rate and margin of UK hotels to recover to pre-Covid in 2023

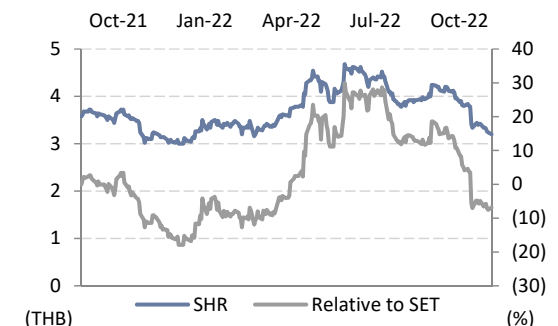
Management is targeting an OCC rate increase for UK hotels from c61% in 2022E to a normalised level of 70% in 2023, driven by the recovery of business travellers (account for c50% of UK portfolio's revenue). This would drive the EBITDA margin of UK hotels to 20-25% in 2023 (from c10% in 2022). For the interest hike, SHR has debt in EUR and USD of 28% and 30% of total debt. It already converted those debts to fixed rates of around 70-80% since 2Q-3Q22. Thus, the impact would be limited.

Strong momentum in 2H22 and 2023, driven by Maldives hotels

We expect SHR to turn around in 3Q22 thanks to the strong performance of hotels in the UK, Fiji, and Mauritius. Momentum should accelerate in 4Q22, driven by Maldives and Thai hotels. For 2023, SHR estimates revenue to reach THB10b. All portfolios should deliver RevPAR above pre-Covid levels, especially the Maldives, for which the Ministry of Tourism targets tourist arrivals of 2.5m in 2023 (vs 1.7m in 2019).

Opportunity to Buy; market concerns are manageable

We cut our 2022-24E earnings to reflect the higher utilities and interest expenses, and derive a new DCF-TP of THB5.0/shr. Despite cutting our earnings, we suggest investors accumulate the stock as the share price has already reflected the negative news and it now trades at an attractive valuation of 0.7x 2023E P/BV and 26x 2023E P/E (vs peers' average of 2.5x and 51x). An earnings turnaround in 2H22 would be a short-term catalyst.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(19.2)	(25.9)	(9.6)
Relative to country (%)	(15.9)	(25.2)	(6.9)
Mkt cap (USD m)	302		
3m avg. daily turnover (USD m)	1.4		
Free float (%)	38		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	4.90/3.00		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

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

We expect to see strong international tourist arrival momentum in the Maldives, with arrivals reaching 2.5m in 2023 (vs 1.7m in 2019). This would grow the RevPAR of SHR's Maldives portfolio by more than double in 2023, compared to the pre-Covid level. In addition, tourist arrivals in Thailand, Fiji and Mauritius should recover to c70-90% of the pre-Covid level. This would be sufficient to drive a RevPAR recovery to the pre-Covid level for the hotels in those countries.

SHR's share price is attractive as it has been trading at a discount to its THB4.4/shr book value as of 2Q22 and has a potential upside from M&A deals, considering its strong balance sheet with only 0.9x IBD/E as of 2Q22

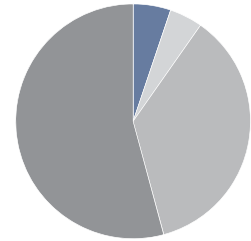
Company profile

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)

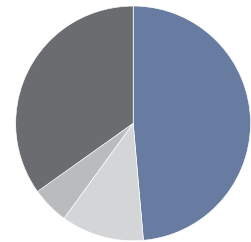
- Self-managed - 5.2 %
- Outrigger - 4.5 %
- Crossroads Ph1 (Maldives hotels) - 36.1 %
- UK - 54.2 %



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 - 34.9 %



Source: S Hotels and Resorts

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the global tourism recovery; 2) the 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
Nov 2022	3Q22 results announcement

Key assumptions

	2022E (%)	2023E (%)	2024E (%)
Self-Managed - Number of rooms (no.)	657	657	657
Self-Managed - Occupancy rate (OCC)	50.0	67.0	70.0
Self-Managed - RevPAR growth	346.9	60.0	9.7
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	69.0	70.0	71.0
Project Crossroads - RevPAR growth	63.5	4.5	5.5
UK - Number of rooms (no.)	2,940	2,740	2,740
UK - Occupancy rate (OCC)	61.0	70.0	71.0
UK - RevPAR growth	27.4	21.6	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.

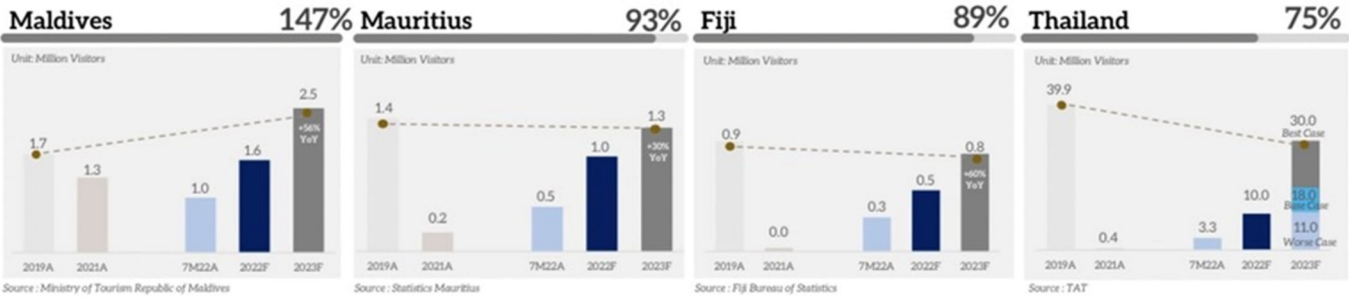
Source: FSSIA estimates

Exhibit 1: Strong RevPAR growth outlook in 2023

INTERNATIONAL DEMAND DRIVEN - OUTPERFORM AGAINST INDUSTRY

2023F International Tourist Arrivals compared to Pre-COVID level

% of Pre-COVID levels (Y 2019)



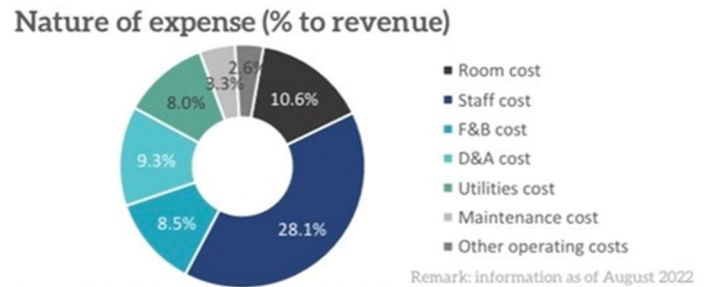
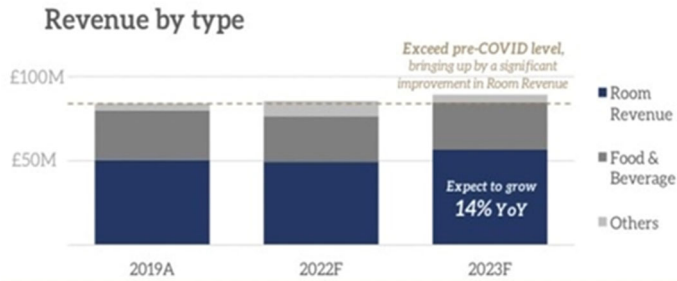
2023F RevPAR of our portfolio are predicted to exceed Pre-COVID level



Source: SHR

Exhibit 2: Revenue of UK portfolio with a target to exceed the pre-Covid level in 2023

Exhibit 3: Expense breakdown of UK portfolio



Source: SHR

Source: SHR

3Q22 results preview

We estimate 3Q22 revenue to jump by 18% q-q to THB2.4b. Revenues for all portfolios should grow q-q. UK hotels should contribute the largest revenue growth thanks to the high tourism season. We estimate the RevPAR of UK hotels to exceed the pre-Covid level by 25% in 3Q22 with an OCC rate of 71%. The RevPAR of Outrigger hotels should also exceed the pre-Covid level by 33% with an OCC rate of 78%, driven by strong pent-up demand and the high season for Fiji hotels. Thai hotels should continue to ramp up, with RevPAR reaching c51% of the pre-Covid level in 3Q22 (vs 48% in 2Q22) and an OCC rate of 54%. The RevPAR of Maldives hotels should slightly grow q-q by 3% with an OCC rate of 63%.

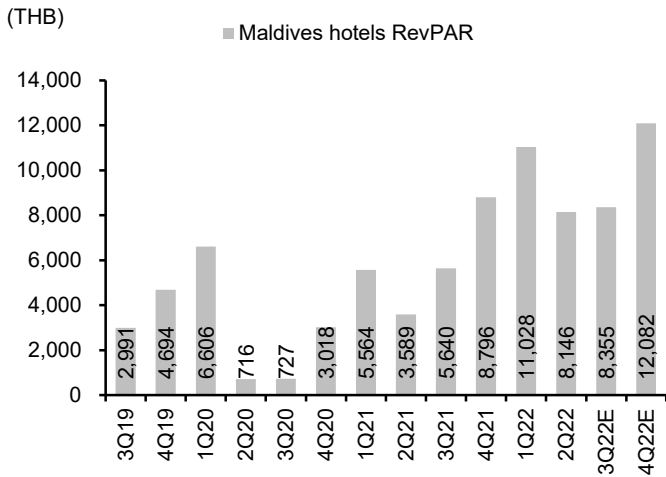
Overall, we expect the EBITDA margin to slightly increase to 20% in 3Q22 from 18% in 2Q22. This would lead to a core profit turnaround of THB20m in 3Q22 from the THB111m core loss in 2Q22.

Exhibit 4: 3Q22 results preview

	3Q21	4Q21	1Q22	2Q22	3Q22E	Change		2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	1,422	1,744	1,690	2,071	2,442	18	72	8,694
- Self-Managed Hotels	32	126	184	208	242	16	658	
- Outrigger Hotels	10	159	182	365	449	23	4,432	
- Project Crossroads Hotels	391	558	655	562	577	3	48	
- UK	989	900	669	936	1,174	25	19	
COGS (Incl. depreciation)	(1,019)	(1,226)	(1,259)	(1,427)	(1,660)	16	63	(6,074)
Gross Profit	403	518	431	644	781	21	94	2,620
SG&A	(498)	(519)	(459)	(550)	(575)	5	15	(2,195)
Operating Profit	(95)	(1)	(28)	94	206	119	317	425
Other income	12	76	10	23	15	(34)	25	165
- Interest income from JV								0
- Other income	12	76	10	23	23	0	89	165
Interest expense	(194)	(176)	(176)	(193)	(197)	2	1	(753)
Pretax profit	(277)	(101)	(194)	(76)	25	133	109	(163)
Income Tax	(12)	131	4	(30)	0	(100)	(100)	20
Associates	(1)	1	(9)	(5)	(5)	0	247	(19)
Minority interest	0	0	0	0	0			0
Core profit	(291)	31	(199)	(111)	20	118	107	(162)
Extraordinaries, GW & FX	9	(101)	(5)	14		(100)	(100)	0
- Net unrealized (loss)/gain on FX	9	(7)	(5)	14		(100)	(100)	
- Non-recurring items		(94)						
Reported net profit	(282)	(70)	(204)	(97)	20	121	107	(162)
Shares out (end Q, m)	3,664	3,664	3,664	3,664	3,664	0	0	3,664
Core EPS	(0.08)	0.01	(0.05)	(0.03)	0.01	118	107	(0.05)
EPS	(0.08)	(0.02)	(0.06)	(0.03)	0.01	121	107	(0.05)
COGS (Excl. depreciation)	(681)	(961)	(971)	(1,160)	(1,385)	19	103	(4,934)
Depreciation	(337)	(265)	(288)	(267)	(275)	3	(19)	(1,140)
EBITDA	253	341	261	379	492	30	94	1,710
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	28	30	25	31	32	1	4	30
SG&A/Revenue	35	30	27	27	24	(3)	(11)	25
EBITDA margin	18	20	15	18	20	2	2	20
Net profit margin	(20)	(4)	(12)	(5)	1	6	21	(2)
Operating stats								
Self-Managed Hotels								
OCC (%)	14.2	30.4	37.7	49.9	53.7			
ADR (THB)	2,440	4,268	5,708	4,276	4,918			
RevPAR (THB)	346	1,298	2,152	2,132	2,639			
Outrigger Hotels								
OCC (%)	6.5	31.2	32.7	63.6	77.7			
ADR (THB)	1,900	6,760	6,965	6,894	7,567			
RevPAR (THB)	1,128	2,111	2,275	4,386	5,877			
Project Crossroads Hotels								
OCC (%)	56.7	63.1	74.3	65.2	62.7			
ADR (THB)	9,954	13,944	14,843	12,499	13,332			
RevPAR (THB)	5,640	8,796	11,028	8,146	8,355			
UK Hotels								
OCC (%)	67.9	57.4	46.2	61.4	70.7			
ADR (THB)	3,664	3,511	3,065	3,475	3,877			
RevPAR (THB)	2,489	2,015	1,415	2,135	2,740			

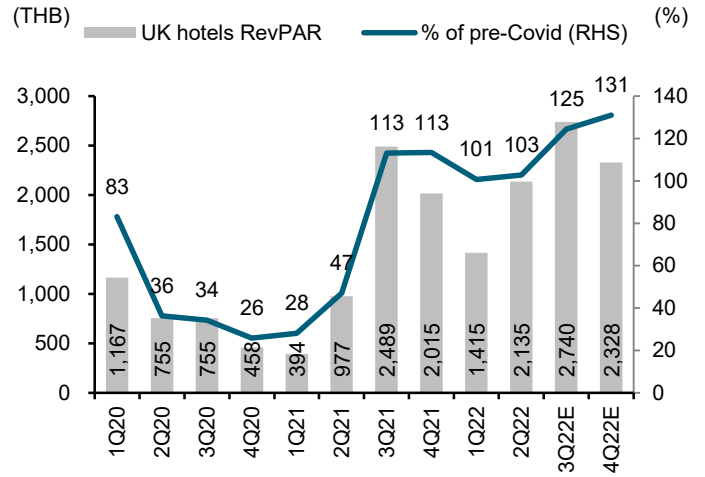
Sources: SHR; FSSIA estimates

Exhibit 5: SHR's Crossroads (Maldives) hotels RevPAR



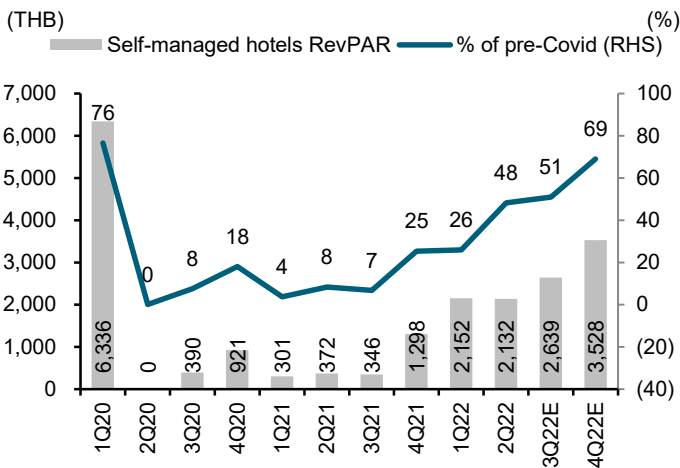
Sources: SHR; FSSIA estimates

Exhibit 6: SHR's UK hotels RevPAR



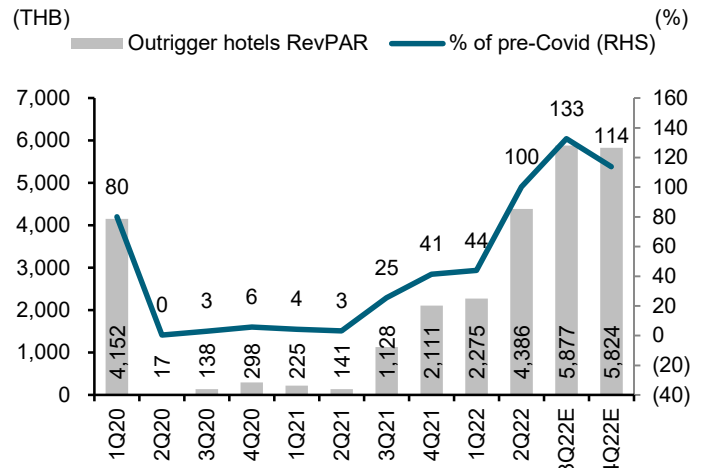
Sources: SHR; FSSIA estimates

Exhibit 7: SHR's self-managed (Thailand) hotels RevPAR



Sources: SHR; FSSIA estimates

Exhibit 8: Outrigger (Mauritius, Fiji) hotels RevPAR



Sources: SHR; FSSIA estimates

Forecast and TP revisions

We cut our 2022E earnings from a core profit of THB117m to a THB162m core loss, mainly due to the weaker-than-expected 1H22 results. We also cut our 2023-24E core profit by 6-14% to reflect the higher utilities and interest expenses. We derive a new DCF-based TP of THB5.0/shr (from THB5.2/shr).

Our new 2023E core profit of THB438m is conservative as we see an upside from our revenue forecast of THB10.1b (in line with management's base case guidance) from a higher ADR for UK hotels from the renovation program and a higher ADR for Maldives hotels. We assume only 6% ADR growth for UK hotels in 2023 (vs 10% for the best-case scenario from management's guidance). Similarly, we forecast 3% ADR growth for Maldives hotels in 2023, which is 10-20% below the normalised ADR target from management's guidance. In addition, we project an EBITDA margin of only 24.4% in 2023 vs the normalised target of 25% and long-term target of 30%.

Exhibit 9: Forecast revisions

	Current			Previous			Change		
	2022E (THB)	2023E (THB)	2024E (THB)	2022E (THB)	2023E (THB)	2024E (THB)	2022E (%)	2023E (%)	2024E (%)
Self-Managed - OCC rate (%)	50.0	67.0	70.0	50.0	70.0	71.9	-	(3.0)	(1.9)
Self-Managed - RevPAR	2,605	4,168	4,573	2,605	4,355	4,608	-	(4.3)	(0.8)
Outtrigger - OCC rate (%)	63.0	70.0	71.0	55.0	70.0	72.0	8.0	-	(1.0)
Outtrigger - RevPAR	4,536	5,191	5,423	3,850	5,047	5,347	17.8	2.9	1.4
Project Crossroads - OCC rate (%)	69.0	70.0	71.0	70.0	71.0	72.0	(1.0)	(1.0)	(1.0)
Project Crossroads - RevPAR	9,660	10,094	10,648	9,299	9,715	10,246	3.9	3.9	3.9
UK -OCC rate (%)	61	70	71	65	70	71	(4.0)	-	-
UK -RevPAR	2,118	2,576	2,757	2,242	2,547	2,726	(5.5)	1.1	1.1
Revenue (THB b)	8.7	10.1	10.7	8.2	9.6	10.2	6.6	5.1	4.9
EBITDA margin (%)	18.0	24.4	25.4	23.7	26.1	27.0	(5.8)	(1.7)	(1.6)
Core earnings (THB m)	(162)	438	666	117	512	709	(239.1)	(14.4)	(6.1)

Note: Change in % terms is represented in ppt change

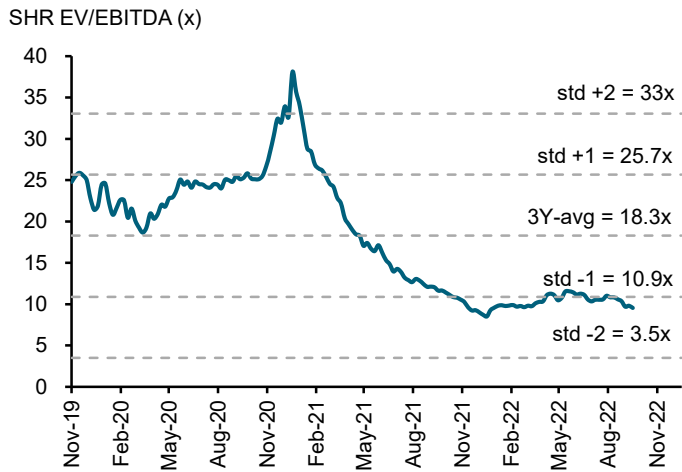
Source: FSSIA estimates

Exhibit 10: Peers comparison as of 3 October 2022

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand														
Asset World Corp	AWC TB	BUY	5.60	6.50	16	4,703	(608.1)	85.9	(0.4)	2.5	2.2	2.1	90.9	40.9
Minor International	MINT TB	BUY	26.25	43.00	64	3,634	142.1	23.9	1.6	9.5	2.0	2.3	13.2	10.6
Central Plaza Hotel	CENDEL TB	BUY	46.75	49.00	5	1,656	106.7	30.6	3.2	10.5	3.4	3.1	19.4	13.0
Erawan Group	ERW TB	BUY	4.26	4.50	6	507	(29.5)	47.3	(11.5)	7.3	3.6	3.3	51.3	16.1
S Hotels & Resorts	SHR TB	BUY	3.20	5.00	56	302	(70.9)	26.2	(1.0)	2.8	0.7	0.7	14.9	8.8
Dusit Thani	DUSIT TB	BUY	11.80	18.00	53	263	(14.9)	92.4	(22.3)	3.9	3.6	3.5	164.5	32.4
Thailand average						11,065	(79.1)	51.0	(5.1)	6.1	2.6	2.5	59.0	20.3
Regional														
Btg Hotels Group	600258 CH	n/a	21.39	n/a	n/a	3,364	n/a	25.1	(0.6)	7.9	2.2	2.0	27.6	13.0
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.86	n/a	n/a	7,695	51.0	8.0	1.9	9.5	0.8	0.8	37.9	18.2
Huangshan Tourism Develop	900942 CH	n/a	0.71	n/a	n/a	870	112.1	13.4	(0.5)	5.9	0.9	0.8	39.6	9.5
Genting Bhd	GENT MK	n/a	4.49	n/a	n/a	3,723	23.8	12.4	2.4	4.6	0.5	0.5	8.1	6.7
Greentree Hospitality	GHG US	n/a	3.06	n/a	n/a	315	13.8	6.8	8.7	15.2	1.1	1.0	6.7	3.4
Huazhu Group	HTHT US	n/a	35.82	n/a	n/a	11,528	n/a	40.2	(0.6)	18.3	7.3	6.6	60.9	18.0
Indian Hotels	IH IN	n/a	336.85	n/a	n/a	5,969	n/a	63.4	(4.5)	10.7	8.2	6.3	95.3	33.2
Lemon Tree Hotels	LEMONTRE IN	n/a	87.75	n/a	n/a	881	n/a	93.2	(6.2)	8.8	8.4	8.1	61.6	25.7
Lippo Karawaci	LPKR IJ	n/a	103.00	n/a	n/a	479	51.5	16.4	0.7	2.2	0.4	0.4	8.0	7.1
Regional average						34,823	50.4	31.0	0.1	9.2	3.3	2.9	38.4	15.0
Overall average						45,888	(20.2)	39.0	(1.9)	8.0	3.0	2.8	46.7	17.1

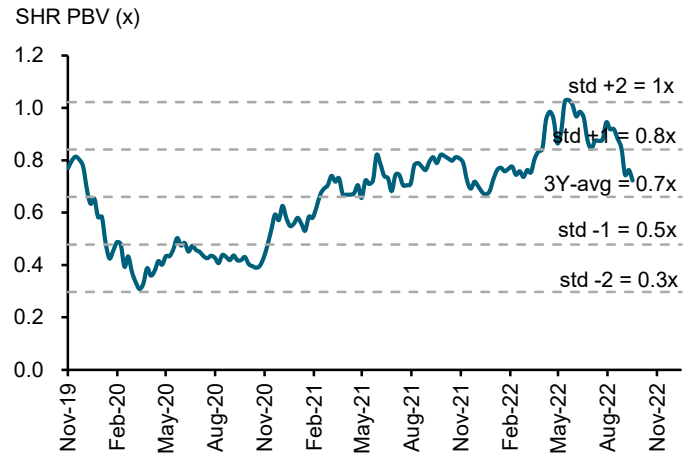
Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: 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	8,694	10,091	10,700
Cost of goods sold	(683)	(2,407)	(4,934)	(5,280)	(5,544)
Gross profit	880	2,105	3,759	4,811	5,156
Other operating income	-	-	-	-	-
Operating costs	(1,480)	(1,742)	(2,195)	(2,349)	(2,443)
Operating EBITDA	(600)	363	1,564	2,463	2,714
Depreciation	(986)	(1,189)	(1,140)	(1,209)	(1,235)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,586)	(826)	425	1,254	1,479
Net financing costs	(377)	(693)	(753)	(814)	(770)
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)	(182)	560	860
Tax	4	131	20	(122)	(194)
Profit after tax	(2,371)	(1,234)	(162)	438	666
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(2,371)	(1,234)	(162)	438	666
Non-recurring items & goodwill (net)	462	5	0	0	0
Recurring net profit	(1,908)	(1,229)	(162)	438	666
Per share (THB)					
Recurring EPS *	(0.53)	(0.34)	(0.05)	0.12	0.19
Reported EPS	(0.66)	(0.34)	(0.05)	0.12	0.19
DPS	0.00	0.00	0.00	0.05	0.07
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
Growth					
Revenue (%)	(59.1)	188.7	92.7	16.1	6.0
Operating EBITDA (%)	nm	nm	330.5	57.4	10.2
Operating EBIT (%)	nm	nm	nm	195.3	18.0
Recurring EPS (%)	nm	nm	nm	nm	52.0
Reported EPS (%)	nm	nm	nm	nm	52.0
Operating performance					
Gross margin inc. depreciation (%)	(6.7)	20.3	30.1	35.7	36.7
Gross margin of key business (%)	(6.7)	20.3	30.1	35.7	36.7
Operating EBITDA margin (%)	(38.4)	8.1	18.0	24.4	25.4
Operating EBIT margin (%)	(101.5)	(18.3)	4.9	12.4	13.8
Net margin (%)	(122.1)	(27.2)	(1.9)	4.3	6.2
Effective tax rate (%)	0.2	9.7	20.0	20.0	22.0
Dividend payout on recurring profit (%)	-	-	-	40.0	40.0
Interest cover (X)	(4.1)	(1.0)	0.8	1.7	2.1
Inventory days	127.9	28.3	22.3	29.0	29.3
Debtor days	39.7	17.8	16.3	14.0	13.2
Creditor days	615.3	168.5	217.5	319.1	336.6
Operating ROIC (%)	(7.9)	(2.9)	1.2	3.9	4.7
ROIC (%)	(6.6)	(2.1)	1.5	3.9	4.7
ROE (%)	(11.4)	(7.8)	(1.0)	2.8	4.1
ROA (%)	(5.4)	(1.9)	1.2	2.8	3.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Self-managed	329	234	968	1,549	1,700
Outrigger	607	205	1,454	1,664	1,738
Crossroads Ph1 (Maldives hotels)	627	1,627	2,612	2,729	2,850
UK	0	2,446	3,660	4,149	4,413

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)	(162)	438	666
Depreciation	986	1,189	1,140	1,209	1,235
Associates & minorities	-	-	-	-	-
Other non-cash items	(497)	(190)	(6)	(6)	(6)
Change in working capital	(1,357)	(750)	3,822	618	186
Cash flow from operations	(2,776)	(981)	4,793	2,259	2,081
Capex - maintenance	(116)	(11,050)	(429)	(599)	(636)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(186)	1,555	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(302)	(9,495)	(429)	(599)	(636)
Dividends paid	0	0	0	0	(175)
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)	(900)	(1,075)
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)	3,421	760	370
Free cash flow to firm (FCFF)	(2,701.00)	(9,783.45)	5,117.37	2,474.06	2,215.17
Free cash flow to equity (FCFE)	(1,280.72)	(591.92)	3,464.78	759.72	544.92

Per share (THB)

FCFF per share	(0.75)	(2.72)	1.42	0.69	0.62
FCFE per share	(0.36)	(0.16)	0.96	0.21	0.15
Recurring cash flow per share	(0.39)	(0.06)	0.27	0.46	0.53

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	25,004	36,405	36,840	37,445	38,087
Less: Accumulated depreciation	(4,910)	(6,444)	(7,583)	(8,792)	(10,027)
Tangible fixed assets (net)	20,093	29,961	29,256	28,653	28,060
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	5,335	6,094	6,464
A/C receivable	52	387	387	387	387
Inventories	176	198	405	434	456
Other current assets	918	2,224	1,003	1,164	1,235
Current assets	3,638	4,723	7,131	8,080	8,542
Other assets	381	463	463	463	463
Total assets	27,117	37,214	38,917	39,263	39,132
Common equity	15,676	15,882	15,676	16,114	16,605
Minorities etc.	0	0	0	0	0
Total shareholders' equity	15,676	15,882	15,676	16,114	16,605
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	4,246	4,987	5,237
Short term debt	130	0	0	0	0
Other current liabilities	347	213	411	477	505
Current liabilities	1,064	1,848	4,656	5,464	5,742
Total liabilities and shareholders' equity	27,117	37,214	38,917	39,263	39,132
Net working capital	211	961	(2,861)	(3,479)	(3,665)
Invested capital	23,690	33,453	28,926	27,704	26,925

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

Per share (THB)

Book value per share	4.36	4.42	4.36	4.48	4.62
Tangible book value per share	4.08	3.96	3.91	4.03	4.16

Financial strength

Net debt/equity (%)	45.4	101.9	75.6	63.3	53.8
Net debt/total assets (%)	26.3	43.5	30.5	26.0	22.8
Current ratio (x)	3.4	2.6	1.5	1.5	1.5
CF interest cover (x)	(2.4)	0.1	5.6	1.9	1.7

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(6.0)	(9.4)	(70.9)	26.2	17.3
Recurring P/E @ target price (x) *	(9.4)	(14.6)	(110.9)	41.0	27.0
Reported P/E (x)	(4.9)	(9.3)	(70.9)	26.2	17.3
Dividend yield (%)	-	-	-	1.5	2.3
Price/book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x) **	(31.0)	76.2	14.9	8.8	7.5
EV/EBITDA @ target price (x) **	(41.8)	94.0	19.1	11.4	9.9
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 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	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	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	PPP	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
AMANAH	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	

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

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
AMANAHA	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	WIIK
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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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 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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ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
S Hotels and Resorts	SHR TB	THB 3.20	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.
Asset World Corp	AWC TB	THB 5.60	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 26.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CEN TEL TB	THB 46.75	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 4.26	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.
Dusit Thani	DUSIT TB	THB 11.80	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.

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 03-Oct-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.