

THE ERAWAN GROUP

THAILAND / TOURISM & LEISURE

ERW TB

BUY

UNCHANGED

4Q22 as sound as a bell

- Expect earnings to turnaround to THB134m in 4Q22; RevPAR of non-Hop Inn hotels should exceed pre-Covid by 18%.
- Benefit from pent-up demand as high spending and Chinese tourists return; core profit should reach the pre-Covid level in 2023.
- Maintain BUY with a higher DCF-derived TP of THB5.0/shr.

TARGET PRICE	THB5.00
CLOSE	THB4.48
UP/DOWNSIDE	+11.6%
PRIOR TP	THB4.70
CHANGE IN TP	+6.4%
TP vs CONSENSUS	-0.3%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	1,485	4,542	6,531	7,040
Net profit	(2,050)	(332)	472	575
EPS (THB)	(0.45)	(0.07)	0.10	0.12
vs Consensus (%)	-	nm	37.0	(12.4)
EBITDA	(713)	863	1,940	2,105
Core net profit	(2,040)	(344)	472	575
Core EPS (THB)	(0.45)	(0.08)	0.10	0.12
Chg. In EPS est. (%)	nm	nm	10.6	4.9
EPS growth (%)	nm	nm	nm	13.0
Core P/E (x)	(9.9)	(59.1)	43.0	38.1
Dividend yield (%)	-	-	0.9	1.1
EV/EBITDA (x)	(47.7)	37.3	16.1	14.8
Price/book (x)	3.4	3.6	3.3	2.9
Net debt/Equity (%)	227.2	208.4	176.8	122.3
ROE (%)	(41.5)	(5.9)	8.0	8.4

Luxury hotels to drive 4Q22 earnings

We expect non-Hop Inn RevPAR to grow by 47% q-q and exceed pre-Covid by 18% (vs 94% of pre-Covid in 3Q22), thanks to the strong recovery of the Bangkok luxury hotel segment whose OCC rate should reach c90%. In addition, Thai Hop Inn revenue should remain strong, with RevPAR growing by 8% q-q and above the pre-Covid level by 7%.

RevPAR of Philippine hotels should grow by 33% q-q and almost reach the pre-Covid level. Overall, we estimate 4Q22 revenue to jump by 29% q-q, and earnings to recover from the THB12m loss in 3Q22 to a profit of THB134m, equivalent to 76% of the pre-Covid level.

Benefit from China's reopening

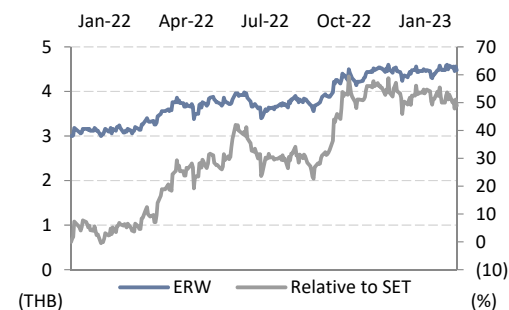
ERW should benefit from China's reopening given that Chinese guests accounted for 12% of total revenue in 2019. In addition, ERW had a 44% revenue contribution from luxury hotels in 2019 – the segment most likely to raise ADR to capture pent-up high-spending tourist demand. Note that the RevPAR of luxury hotels already exceeded pre-Covid in 3Q22.

Non-Hop RevPAR to exceed pre-Covid by 10% in 2023

We estimate the RevPAR of non-Hop hotels to exceed pre-Covid by 10% in 2023, driven mainly by a 15% higher ADR than pre-Covid and our projected OCC rate of 74% (vs 78% in 2019). Meanwhile, the RevPAR of Thai Hop Inn hotels should remain strong and exceed the pre-Covid level by 8%. Overall, we forecast core profit to turnaround to THB472m in 2023, relatively in line with earnings pre-Covid. Note that hotel rooms should increase to 10,188 rooms in 2023 (4,392 non-Hop and 5,796 Hop Inn) from 9,569 rooms in 2019 (5,343 non-Hop and 4,226 Hop Inn).

Revise up our 2022-24 earnings estimates

We revise up our 2022-2024 profit estimates by 5%-21% to reflect the strong outlook and higher ADR trend and derive a new 2023 DCF-based TP of THB5.0/shr. After ERW's 52% rally over the past year, we suggest investors wait for share prices to dip before accumulating. ERW trades at 38x 2024E P/E (first normalised year) vs its five-year average of 36x. Upside includes new hotel projects given that its IBD/E has declined to 1.9x (vs 2.5x debt covenant).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.4)	6.2	52.4
Relative to country (%)	(3.7)	(1.5)	52.2
Mkt cap (USD m)	616		
3m avg. daily turnover (USD m)	2.0		
Free float (%)	59		
Major shareholder	Chottanavat (17%)		
12m high/low (THB)	4.74/2.92		
Issued shares (m)	4,531.56		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA
teerapol.udo@fssia.com
+66 2611 3535

Investment thesis

ERW is an asset-heavy business, as all of its hotels are owned hotels and it has no asset-light model. Thus, it should be one of the stocks that benefits the most from the recovery of international tourist arrival numbers.

ERW raised capital through a rights offering leading to a lower D/E, which is currently lower than its debt covenant of 2.5x.

ERW plans to use the proceeds from the capital increase to expand its Hop Inn portfolio to more than 100 hotels by 2025, up from 52 hotels currently (47 in Thailand, 5 in the Philippines). Hop Inn is ERW's flagship budget hotel brand focused on domestic travellers and has shown resilient performance.

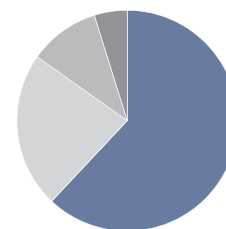
Company profile

ERW is a hotel operator and developer with a focus on Thailand and ASEAN.

www.theerawan.com

Principal activities (revenue, 2021)

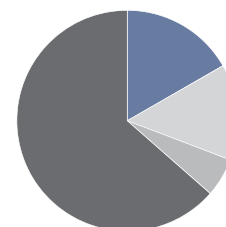
- Non-Hop Inn hotel - 62.0 %
- Hop Inn Thailand - 22.8 %
- Hop Inn Philippines - 10.4 %
- Others - 4.8 %



Source: The Erawan Group

Major shareholders

- Chottanavat - 16.7 %
- Mitr Siam Capital Limited - 14.1 %
- Mitr Phol Sugar Corp - 5.7 %
- Others - 63.5 %



Source: The Erawan Group

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the global tourism recovery; 2) strong pent-up demand from Chinese tourists; and 3) the recovery of domestic business activities.

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
Feb 2023	4Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Number of hotels (no.)	75	78	84
Number of rooms (no.)	9,803	10,188	10,914
All hotels excl. Hop Inn			
Occupancy rate (OCC %)	59	74	79
RevPAR growth (y-y %)	518	43	7
Thailand Hop Inn			
Occupancy rate (OCC %)	73	74	74
RevPAR growth (y-y %)	82	4	2

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC, we project a 2023 profit increase of 7%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2023 profit increase of 9%, and vice versa, all else being equal.

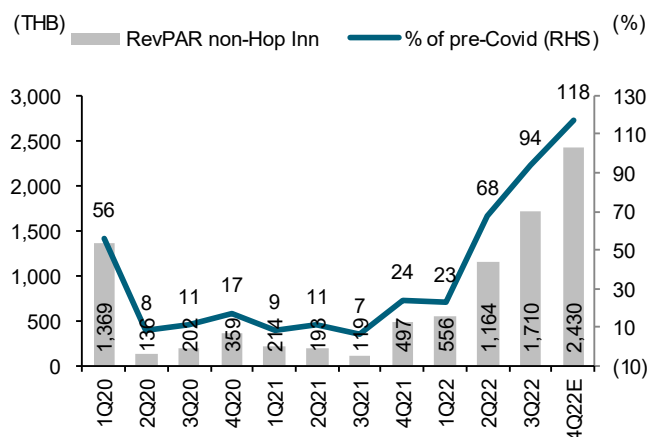
Source: FSSIA estimates

Exhibit 1: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	619	638	974	1,283	1,650	29	167	4,542
- Thailand excl. Hop Inn	434	431	743	1,014	1,347	33	210	
- Hop Inn Thailand	124	134	156	165	177	7	43	
- Hop Inn Philippines	41	51	61	90	109	21	166	
- Rental	19	21	13	15	17	13	(11)	
COGS (Incl. depreciation)	(617)	(618)	(735)	(827)	(1,022)	23	66	(3,235)
Gross Profit	2	20	239	456	629	38	35,029	1,307
SG&A	(283)	(255)	(311)	(362)	(398)	10	41	(1,317)
Operating Profit	(281)	(235)	(72)	94	230	145	182	(11)
Other income	14	8	12	6	14	134	(2)	65
Interest	(121)	(112)	(111)	(114)	(114)	0	(6)	(450)
Pretax profit	(388)	(339)	(171)	(14)	131	1,058	134	(396)
Income Tax	4	8	7	5	0	<i>nm</i>	<i>nm</i>	27
Associates	5	3	9	3	3	0	(37)	17
Minority interest	12	12	4	(6)	0	<i>nm</i>	<i>nm</i>	8
Core profit	(366)	(315)	(152)	(12)	134	1,264	137	(344)
Extraordinaries, GW & FX	120	2	12	0				12
Reported net profit	(246)	(313)	(139)	(12)	134	1,264	155	(332)
Shares out (end Q, m)	4,532	4,532	4,532	4,532	4,532	0	0	4,532
Core EPS	(0.08)	(0.07)	(0.03)	(0.00)	0.03	1,264	137	(0.08)
EPS	(0.05)	(0.07)	(0.03)	(0.00)	0.03	1,264	155	(0.07)
COGS (Excl. depreciation)	(398)	(405)	(520)	(607)	(799)	32	101	(2,362)
Depreciation	(220)	(213)	(215)	(220)	(222)	1	1	(873)
EBITDA	(47)	(14)	155	320	467	46	1,083	928
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	0	3	25	36	38	3	38	29
SG&A/Revenue	46	40	32	28	24	(4)	(22)	29
EBITDA margin	(7)	(2)	16	25	28	3	36	19
Net profit margin	(40)	(49)	(14)	(1)	8	9	48	(7)
Operating stats								
Hotels Excl. Hop Inn								
OCC (%)	30	31	55	67	81			
OCC growth (y-y %)	5	14	42	57	51			
RevPAR (THB)	497	556	1,164	1,710	2,430			
RevPAR growth (y-y %)	38	160	503	1,337	389			
Thailand Hop Inn								
OCC (%)	59	67	73	74	78			
OCC growth (y-y %)	(10)	19	42	47	19			
RevPAR (THB)	365	409	450	462	499			
RevPAR growth (y-y %)	(15)	39	163	182	37			
Philippines Hop Inn								
OCC (%)	49	51	58	59	75			
OCC growth (y-y %)	16	12	12	(1)	26			
RevPAR (THB)	423	473	565	620	825			
RevPAR growth (y-y %)	0	14	15	22	29			

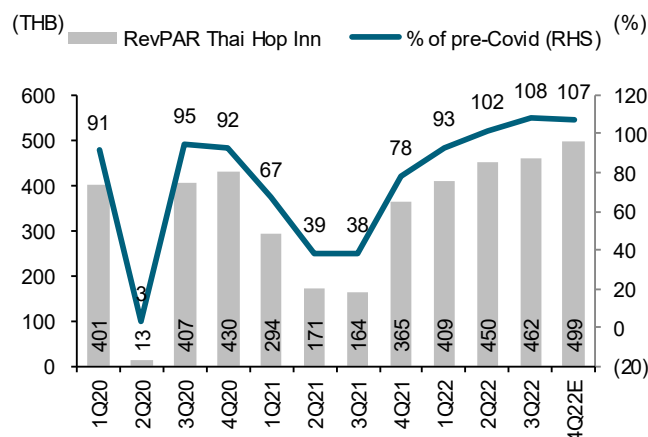
Sources: ERW; FSSIA estimates

Exhibit 2: RevPAR non-Hop Inn hotels, quarterly



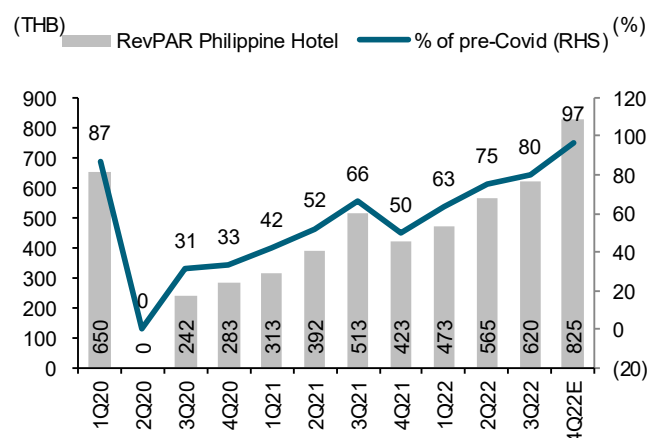
Sources: ERW; FSSIA estimates

Exhibit 3: RevPAR Thai Hop Inn hotels, quarterly



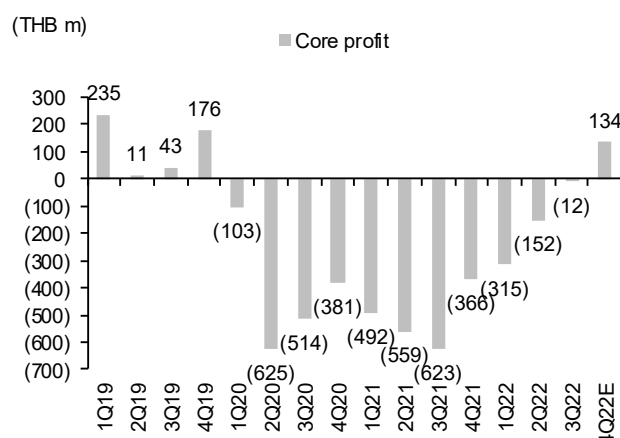
Sources: ERW; FSSIA estimates

Exhibit 4: RevPAR Philippine Hop Inn hotels, quarterly



Sources: ERW; FSSIA estimates

Exhibit 5: Core profit, quarterly



Sources: ERW; FSSIA estimates

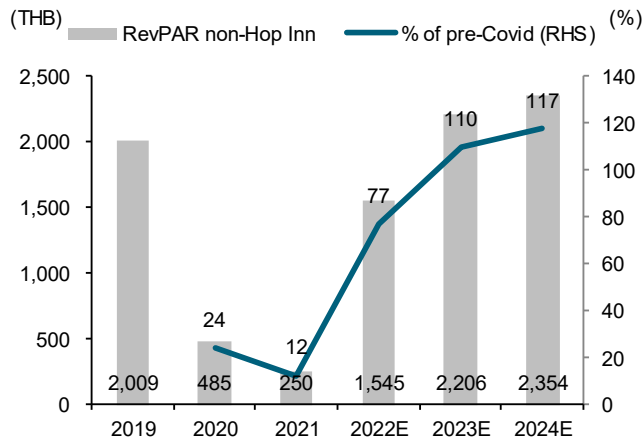
Exhibit 6: Forecast revisions

	Current			Previous			Change (%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
All hotels excl. Hop Inn - OCC (%)	58.8	74.0	79.0	54.4	71.9	77.1	4.4	2.1	1.9
All hotels excl. Hop Inn - RevPAR (THB)	1,545	2,206	2,354	1,203	2,038	2,186	28.5	8.2	7.7
Thailand Hop Inn - OCC (%)	73.0	73.5	74.0	72.0	73.0	73.0	1.0	0.5	1.0
Thailand Hop Inn - RevPAR (THB)	462	480	488	456	476	481	1.4	0.7	1.4
Revenue (THB b)	4.54	6.53	7.04	4.24	6.20	6.70	7.1	5.3	5.1
EBITDA margin (%)	19.0	29.7	0.0	18.0	30.8	0.0	1.0	(1.1)	0.0
Core earnings (THB m)	(344)	472	575	(434)	426	549	20.9	10.6	4.9

Note: Change of items in percentage terms is represented in ppt change.

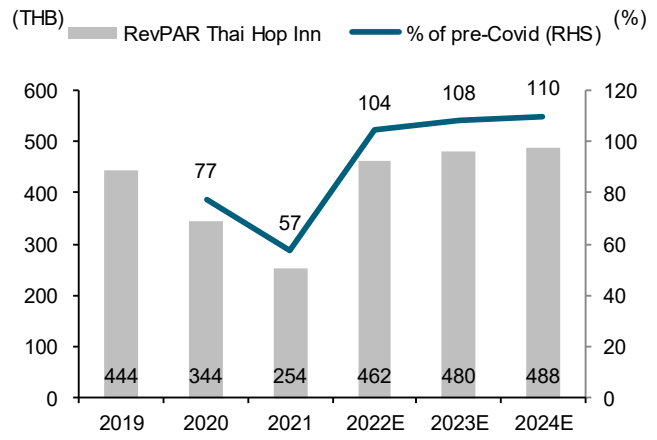
Source: FSSIA estimates

Exhibit 7: RevPAR non-Hop Inn hotels, yearly



Sources: ERW; FSSIA estimates

Exhibit 8: RevPAR Thai Hop Inn hotels, yearly



Sources: ERW; FSSIA estimates

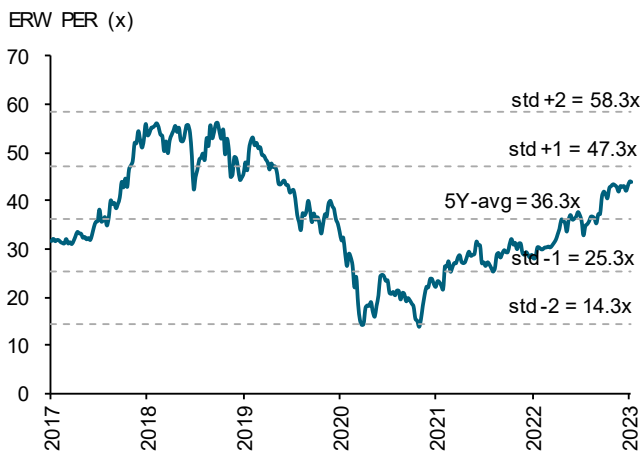
Exhibit 9: DCF valuation

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	1.2		
Cost of equity, Ke	12.6	Net cost of debt, Kd	3.2
Weight applied	55.0	Weight applied	45.0
WACC		8.2	

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	11.5	2.4	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	20.0	4.1	Terminal growth 2.5%
Cash & liquid assets	2.5	0.5	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(9.9)	(2.0)	At end-2023E
Minorities	(0.0)	(0.0)	At end-2023E
Residual ordinary equity	24.2	5.0	

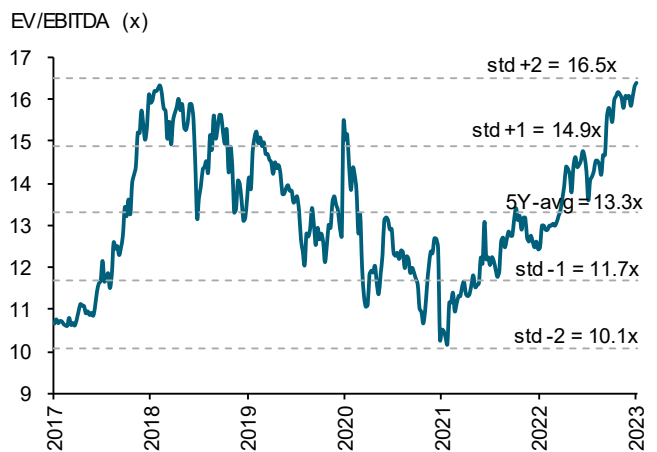
Source: FSSIA estimates

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 13 Jan-23

Company	BBG	Rec	Share price			Market Cap (USD m)	PE			ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	24E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand															
Asset World Corp	AWC TB	BUY	6.15	6.80	11	5,971	(894.0)	93.4	53.4	(0.3)	2.5	2.4	2.3	100.0	45.7
Minor International	MINT TB	BUY	34.00	40.00	18	5,441	184.0	35.6	27.8	1.6	8.3	2.6	3.0	14.0	12.1
Central Plaza Hotel	CENTEL TB	BUY	51.00	58.00	14	2,089	305.9	32.2	26.2	1.2	11.1	3.8	3.4	23.5	14.3
Erawan Group	ERW TB	BUY	4.48	5.00	12	616	(59.1)	43.0	38.1	(5.9)	8.0	3.6	3.3	37.3	16.1
S Hotels & Resorts	SHR TB	BUY	4.24	5.00	18	462	(94.0)	34.8	22.9	(1.0)	2.8	1.0	0.9	17.3	10.3
Dusit Thani	DUSIT TB	BUY	11.80	18.00	53	304	(14.9)	92.4	27.5	(22.3)	3.9	3.6	3.5	164.5	32.4
Thailand average						14,884	(95.3)	55.2	32.6	(4.4)	6.1	2.8	2.7	59.4	21.8
Regional															
Btg Hotels Group	600258 CH	n/a	23.92	n/a	n/a	3,990	n/a	31.5	22.0	(2.5)	7.3	2.5	2.3	24.1	12.4
Sh Jinjiang Intl Hotels	900934 CH	n/a	2.07	n/a	n/a	8,090	87.4	9.2	6.3	1.0	8.5	0.9	0.8	44.8	17.7
Huangshan Tourism Dev.	900942 CH	n/a	0.82	n/a	n/a	1,081	n/a	16.9	11.7	(1.3)	5.6	0.9	0.9	67.8	12.8
Genting Bhd	GENT MK	n/a	4.92	n/a	n/a	4,335	35.5	14.0	11.7	1.5	3.9	0.6	0.6	8.5	7.1
Greentree Hospitality	GHG US	n/a	3.91	n/a	n/a	403	n/a	10.2	7.2	8.3	14.1	1.4	1.2	9.4	6.4
Huazhu Group	HTHT US	n/a	47.59	n/a	n/a	15,108	n/a	52.2	37.9	(11.3)	19.4	12.5	10.4	123.1	23.4
Indian Hotels	IH IN	n/a	309.35	n/a	n/a	5,312	n/a	54.3	40.7	(4.5)	10.6	7.3	5.6	84.8	29.4
Lemon Tree Hotels	LEMONTRE IN	n/a	79.65	n/a	n/a	785	n/a	65.1	41.8	(6.2)	10.8	7.5	7.1	56.7	22.3
Lippo Karawaci	LPKR IJ	n/a	75.00	n/a	n/a	349	n/a	n/a	25.1	(3.0)	(0.8)	0.3	0.3	9.1	8.0
Regional average						39,451	61.4	31.7	22.7	(1.7)	8.4	3.8	3.2	47.6	15.5
Overall average						54,335	(56.1)	41.8	26.7	(2.7)	7.5	3.4	3.0	52.3	18.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

The Erawan Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	2,306	1,485	4,542	6,531	7,040
Cost of goods sold	(1,465)	(1,284)	(2,362)	(3,089)	(3,323)
Gross profit	841	201	2,180	3,442	3,717
Other operating income	-	-	-	-	-
Operating costs	(1,043)	(915)	(1,317)	(1,502)	(1,612)
Operating EBITDA	(201)	(713)	863	1,940	2,105
Depreciation	(1,012)	(936)	(873)	(911)	(942)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,213)	(1,649)	(11)	1,028	1,163
Net financing costs	(526)	(518)	(444)	(469)	(448)
Associates	(18)	9	17	0	0
Recurring non-operating income	14	67	76	63	63
Non-recurring items	(92)	(10)	12	0	0
Profit before tax	(1,818)	(2,109)	(367)	622	778
Tax	39	(46)	27	(93)	(140)
Profit after tax	(1,778)	(2,155)	(340)	529	638
Minority interests	63	105	8	(57)	(63)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,715)	(2,050)	(332)	472	575
Non-recurring items & goodwill (net)	92	10	(12)	0	0
Recurring net profit	(1,623)	(2,040)	(344)	472	575
Per share (THB)					
Recurring EPS *	(0.36)	(0.45)	(0.08)	0.10	0.12
Reported EPS	(0.38)	(0.45)	(0.07)	0.10	0.12
DPS	0.00	0.00	0.00	0.04	0.05
Diluted shares (used to calculate per share data)	4,532	4,532	4,532	4,532	4,891
Growth					
Revenue (%)	(63.9)	(35.6)	205.7	43.8	7.8
Operating EBITDA (%)	nm	nm	nm	124.8	8.5
Operating EBIT (%)	nm	nm	nm	nm	13.1
Recurring EPS (%)	nm	nm	nm	nm	13.0
Reported EPS (%)	nm	nm	nm	nm	13.0
Operating performance					
Gross margin inc. depreciation (%)	(7.4)	(49.4)	28.8	38.7	39.4
Gross margin of key business (%)	(7.4)	(49.4)	28.8	38.7	39.4
Operating EBITDA margin (%)	(8.7)	(48.0)	19.0	29.7	29.9
Operating EBIT margin (%)	(52.6)	(111.0)	(0.2)	15.7	16.5
Net margin (%)	(70.4)	(137.4)	(7.6)	7.2	8.2
Effective tax rate (%)	2.3	(2.2)	15.0	15.0	18.0
Dividend payout on recurring profit (%)	-	-	-	40.0	40.0
Interest cover (X)	(2.3)	(3.1)	0.1	2.3	2.7
Inventory days	12.3	12.2	8.6	9.9	10.8
Debtor days	20.7	21.7	8.0	5.6	5.2
Creditor days	47.2	40.8	31.3	35.8	39.1
Operating ROIC (%)	(7.4)	(8.7)	0.0	4.9	5.4
ROIC (%)	(6.8)	(8.2)	0.3	5.1	5.6
ROE (%)	(33.9)	(41.5)	(5.9)	8.0	8.4
ROA (%)	(6.0)	(7.4)	0.1	4.1	4.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Non-Hop Inn hotel	1,661	921	3,542	5,233	5,548
Hop Inn Thailand	431	339	643	723	791
Hop Inn Philippines	90	154	287	388	469
Others	124	71	70	186	233

Sources: The Erawan Group; FSSIA estimates

Financial Statements

The Erawan Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(1,623)	(2,040)	(344)	472	575
Depreciation	1,012	936	873	911	942
Associates & minorities	-	-	-	-	-
Other non-cash items	917	701	(36)	17	23
Change in working capital	(572)	(1,056)	2,083	584	153
Cash flow from operations	(266)	(1,460)	2,576	1,984	1,693
Capex - maintenance	(5,269)	(1,588)	(760)	(960)	(960)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	32	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(5,237)	(1,588)	(760)	(960)	(960)
Dividends paid	(176)	0	0	0	(189)
Equity finance	0	2,014	0	0	1,079
Debt finance	6,302	(1,538)	(1,000)	(500)	(500)
Other financing cash flows	31	2,192	8	(57)	(63)
Cash flow from financing	6,156	2,667	(992)	(557)	327
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	654	(380)	825	467	1,061
Free cash flow to firm (FCFF)	(4,966.55)	(2,526.87)	2,266.68	1,503.79	1,193.69
Free cash flow to equity (FCFE)	829.91	(2,394.52)	824.58	467.30	170.48

Per share (THB)

FCFF per share	(1.10)	(0.56)	0.50	0.33	0.26
FCFE per share	0.18	(0.53)	0.18	0.10	0.04
Recurring cash flow per share	0.07	(0.09)	0.11	0.31	0.31

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	26,684	25,682	26,482	27,482	28,482
Less: Accumulated depreciation	(7,963)	(6,274)	(7,147)	(8,059)	(9,000)
Tangible fixed assets (net)	18,721	19,409	19,335	19,424	19,482
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	48	48	48	48	48
Cash & equivalents	1,623	1,242	2,067	2,534	3,595
A/C receivable	77	100	100	100	100
Inventories	46	39	72	95	102
Other current assets	217	1,274	262	377	406
Current assets	1,962	2,655	2,501	3,105	4,202
Other assets	483	338	338	338	338
Total assets	21,215	22,450	22,222	22,915	24,071
Common equity	3,813	6,012	5,680	6,152	7,618
Minorities etc.	116	11	11	11	11
Total shareholders' equity	3,929	6,023	5,691	6,163	7,629
Long term debt	15,055	14,237	13,737	13,237	12,737
Other long-term liabilities	218	880	880	880	880
Long-term liabilities	15,273	15,117	14,617	14,117	13,617
A/C payable	145	143	262	343	369
Short term debt	1,410	690	190	190	190
Other current liabilities	458	478	1,462	2,102	2,266
Current liabilities	2,013	1,311	1,914	2,635	2,825
Total liabilities and shareholders' equity	21,215	22,450	22,222	22,915	24,071
Net working capital	(263)	793	(1,290)	(1,874)	(2,028)
Invested capital	18,989	20,587	18,431	17,936	17,841

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

Per share (THB)

Book value per share	1.51	1.33	1.25	1.36	1.56
Tangible book value per share	1.51	1.33	1.25	1.36	1.56

Financial strength

Net debt/equity (%)	377.8	227.2	208.4	176.8	122.3
Net debt/total assets (%)	70.0	61.0	53.4	47.5	38.8
Current ratio (x)	1.0	2.0	1.3	1.2	1.5
CF interest cover (x)	2.6	(3.6)	2.9	2.0	1.4

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	(12.5)	(9.9)	(59.1)	43.0	38.1
Recurring P/E @ target price (x) *	(14.0)	(11.1)	(65.9)	48.0	42.5
Reported P/E (x)	(11.8)	(9.9)	(61.2)	43.0	38.1
Dividend yield (%)	-	-	-	0.9	1.1
Price/book (x)	3.0	3.4	3.6	3.3	2.9
Price/tangible book (x)	3.0	3.4	3.6	3.3	2.9
EV/EBITDA (x) **	(130.4)	(47.7)	37.3	16.1	14.8
EV/EBITDA @ target price (x) **	(136.9)	(51.0)	40.0	17.3	16.1
EV/invested capital (x)	1.4	1.7	1.7	1.7	1.8

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

Sources: The Erawan Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BPCG	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	PSH	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
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	TPIPP	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
AMANA	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	SEOIL	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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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

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

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Company	Ticker	Price	Rating	Valuation & Risks
The Erawan Group	ERW TB	THB 4.48	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 6.15	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 34.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CEN TEL TB	THB 51.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 4.24	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

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All share prices are as at market close on 13-Jan-2023 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.