

MINOR INTERNATIONAL MINT TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

TARGET PRICE	THB40.00
CLOSE	THB31.00
UP/DOWNSIDE	+29.0%
PRIOR TP	THB40.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.1%

Time to check in before high season

- Expect a slim core loss of THB0.2b in 1Q23 due to the seasonal losses of NH Hotels.
- 2Q23 should turn profitable with the potential for strong y-y growth led by the higher RevPAR of both Thai and European hotels.
- Maintain BUY with a DCF-derived TP of THB40/shr.

RevPAR of Thai and European hotels to exceed pre-Covid level

NH Hotel Group (NHH SM)'s RevPAR should drop 13% q-q in 1Q23 due to the low season for European hotels, but remain 15% above pre-Covid. Thus, we forecast NHH's 1Q23 core loss at EUR16m (vs the EUR17m loss in 1Q19). Non-NHH operations should post a strong recovery led by Thai hotels as their RevPAR jumps by an estimated 20-25% q-q and reaches the pre-Covid level. As for the food business, we expect revenue to grow q-q thanks to the recovery of restaurants in China after lockdowns were lifted in some cities. Overall, we expect MINT to report a core loss of THB0.2b in 1Q23 due to the European hotel low season.

All portfolios to deliver strong growth in 2Q23

We expect MINT's earnings to bounce back in 2Q23 thanks to the high season for European hotels. We expect OCC to jump above 70% and ADR to exceed pre-Covid by 20%. Meanwhile, food business momentum should accelerate in April from the Songkran festival. We expect pent-up demand from Chinese tourists to support a higher OCC rate for Thai and Maldives hotels, despite the low season.

2023 earnings upside from rising ADR trend

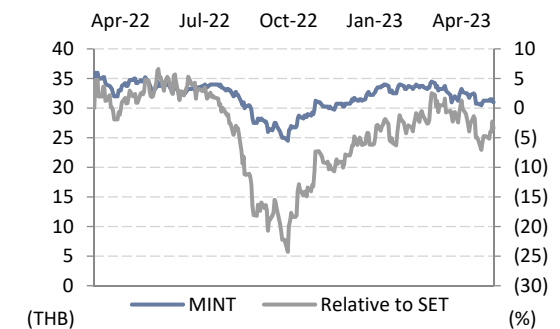
We expect NHH's RevPAR to grow by 18% y-y in 2023 as its OCC rate recovers to 70% (vs 61% in 2022) led by MICE and long-haul travellers. Thai hotels' RevPAR should grow by 40-50%, driven by both a rising OCC rate and ADR. SSSG should continue to grow by 6-8% y-y. We forecast 2023 core profit to jump to THB5.5b (vs 2.0b in 2022), with NHH profit at THB3.6b and non-NHH profit at THB1.9b. A potential upside from our forecast could come from the rising ADR trend which should boost the EBITDA margin, which we conservatively assume should be relatively flat y-y at 24%.

Good entry point to capture strong operations in 2Q-3Q23

We maintain our forecast and DCF-based TP. MINT is trading at an attractive valuation of 33x/25x 2023E/2024E P/E (vs its five-year average of 34x and a peer average of 31x 2024E P/E). We think its weak share price presents an opportunity to accumulate ahead of potentially strong 2Q-3Q23 results as European hotels enter the high season.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	119,364	140,825	148,312	155,655
Net profit	4,286	5,494	7,047	7,988
EPS (THB)	0.82	0.98	1.22	1.39
vs Consensus (%)	-	(1.1)	(10.6)	(16.1)
EBITDA	28,886	34,361	36,353	38,866
Core net profit	2,017	5,494	7,047	7,988
Core EPS (THB)	0.35	0.95	1.22	1.39
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	nm	172.4	28.3	13.4
Core P/E (x)	88.4	32.5	25.3	22.3
Dividend yield (%)	-	1.1	1.3	1.5
EV/EBITDA (x)	12.4	10.5	10.5	9.6
Price/book (x)	2.3	2.0	2.7	2.5
Net debt/Equity (%)	222.9	177.7	240.0	208.2
ROE (%)	2.9	7.0	9.2	11.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.9)	(4.6)	(10.8)
Relative to country (%)	(2.7)	2.7	(3.2)
Mkt cap (USD m)	4,797		
3m avg. daily turnover (USD m)	19.2		
Free float (%)	61		
Major shareholder	Minor Holdings (Thai) (16%)		
12m high/low (THB)	36.25/24.10		
Issued shares (m)	5,754.62		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

MINT’s earnings are now in a recovery mode. We expect core profit to continue to grow in 2023 led by Thai and European hotels and the food business.

NH Hotels should continue to deliver strong performance. We expect a recovery in business travel and pent-up demand from long-haul travellers to be the key growth drivers in 2023, which should offset rising staff costs and the potential for further interest rate hikes.

We expect MINT’s core profit to return to the pre-Covid level by 2024, with a potential upside from an improved EBITDA margin following cost-saving measures which should permanently reduce some expenses.

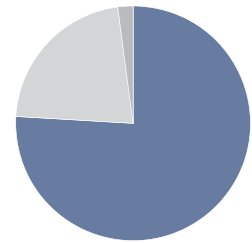
Company profile

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

www.minor.com

Principal activities (revenue, 2022)

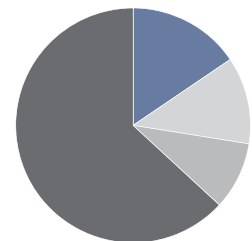
- Hotel & Mixed-use - 75.9 %
- F&B revenue - 22.0 %
- Retail revenue - 2.1 %



Source: Minor International

Major shareholders

- Minor Holdings (Thai) - 15.5 %
- Thai NVDR - 12.0 %
- Niti Osathanugrah - 9.4 %
- Others - 63.1 %



Source: Minor International

Catalysts

Key potential growth drivers include 1) a faster occupancy rate ramp-up following the global tourism recovery; 2) improving consumption and economic growth resulting in strong SSSG; and 3) the return of Chinese tourists which should drive demand for Thai and Maldives hotels.

Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

Date	Event
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Owned & leased hotels			
- Number of rooms (no.)	55,364	55,364	55,630
- Occupancy rate (OCC)	69	71	72
- RevPAR growth	22	5	4
Food business			
- Number of outlets (no.)	2,658	2,737	2,819
- Same-Store Sales Growth (SSSG)	7	2	2
- Total System Sales Growth (TSSG)	12	5	5

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

Expect a slim core loss in 1Q23

We expect NHH's revenue to drop by 18% q-q to EUR411m in 1Q23 due to the low season for European hotels, but still exceed the pre-Covid level by 16%. RevPAR should drop by 13% q-q in the quarter, but still be 15% above pre-Covid with an estimated OCC rate of 60% (vs 65% in 4Q22 and 66% in 1Q19) and an ADR of EUR120 (vs EUR128 in 4Q22 and EUR93 in 1Q19).

NHH's EBITDA margin should slightly decline to 21% in 1Q23 (vs 33% in 4Q22 and 24% in 1Q19). Thus, we forecast NHH's 1Q23 core loss at EUR16m (vs the EUR17m loss in 1Q19), implying a cTHB0.6b loss contribution to MINT in 1Q23 (vs THB1.6b profit in 4Q22 and a THB0.6b loss in 1Q19).

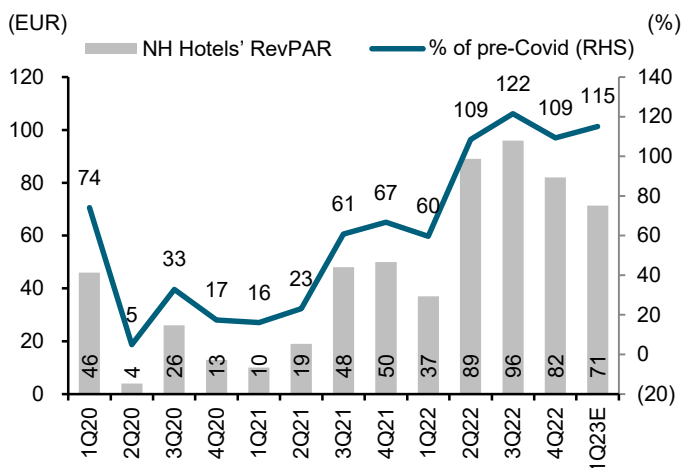
Non-NHH operations should post a strong recovery led by Thai hotels. The RevPAR of Thai hotels should jump by 20-25% q-q in 1Q23 and reach the pre-Covid level, with an estimated OCC rate of 70% (vs 64% in 4Q22) and an ADR 15% above pre-Covid. Maldives hotels' RevPAR should remain strong at 6-8% above pre-Covid. On the negative side, we expect mixed-use revenue to fall by 25-30% q-q due to the absence of residential sales.

Overall, hotel and mixed-use business revenue should fall by 20% q-q in 1Q23 and the EBITDA margin should decline to 24% (vs 32% in 4Q22) due to the low season for European hotels and the absence of residential sales.

In addition, we project food business revenue to grow by 5% q-q in 1Q23. Thai restaurants should record strong SSSG of 5% y-y (vs 4% y-y in 4Q22), while restaurants in China should record strong SSSG of 15% y-y (vs 4% y-y in 4Q22) due to the end of lockdowns in some cities. The food business' EBITDA margin should slightly decline q-q to 22% (vs 22.4% in 4Q22) due to aggressive promotions in 1Q23.

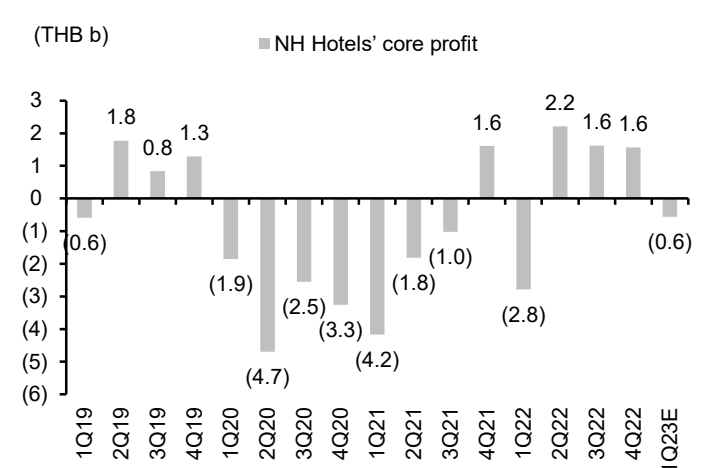
Interest expenses should also increase by 8% q-q and 31% y-y due to rising interest rates. As a result, we estimate that non-NHH core profit should decline from THB0.8b in 4Q22 to THB0.3b in 1Q23. Overall, we forecast MINT's core loss at THB0.2b in 1Q23.

Exhibit 1: NHH's RevPAR



Source: NHH; MINT; FSSIA estimates

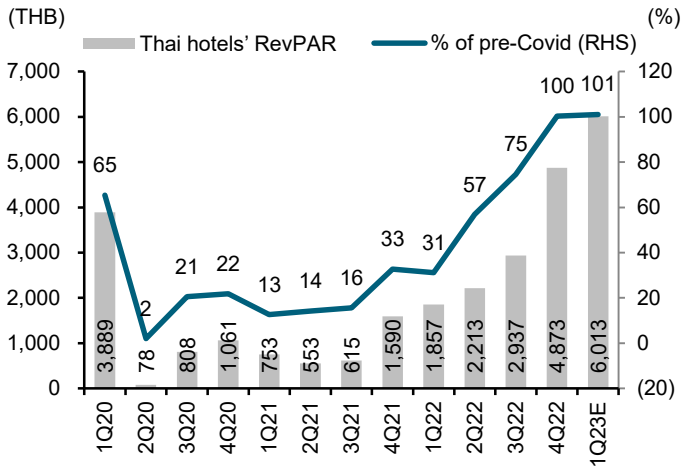
Exhibit 2: NHH's core profit contribution to MINT



Note: Based on the 94% stake that MINT holds in NHH

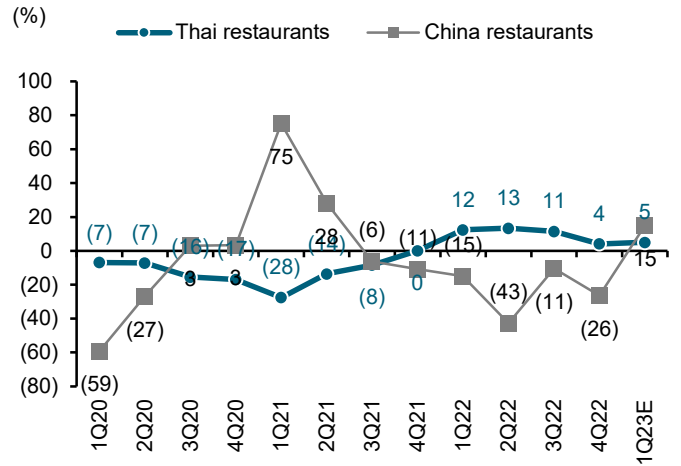
Source: NHH; MINT; FSSIA estimates

Exhibit 3: RevPAR at Thai hotels



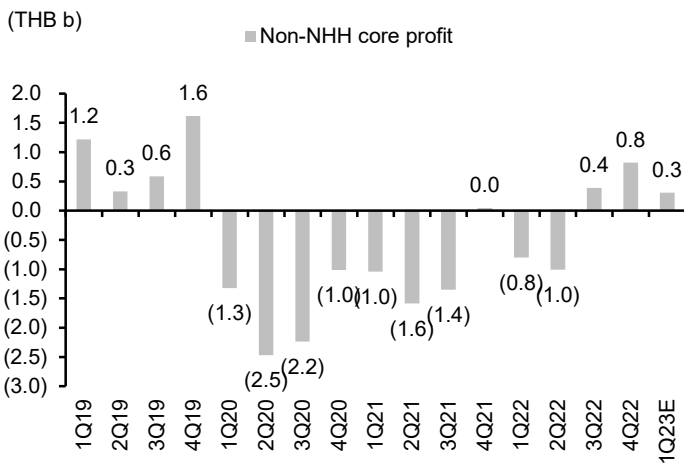
Source: MINT; FSSIA estimates

Exhibit 4: Food business SSSG in Thailand and China



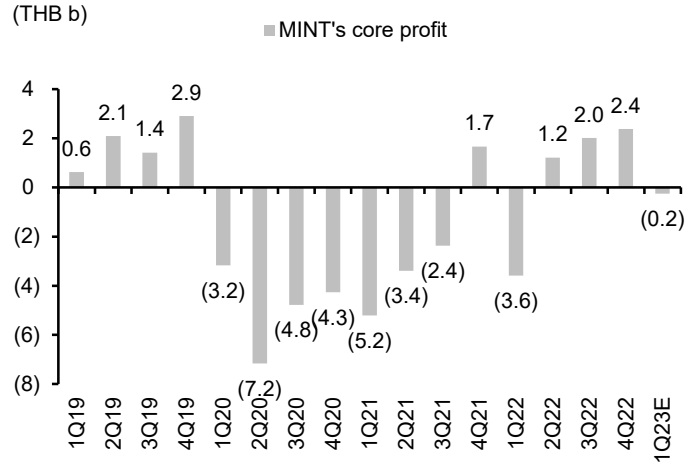
Source: MINT; FSSIA estimates

Exhibit 5: Non-NHH core profit



Source: MINT; FSSIA estimates

Exhibit 6: MINT's core profit



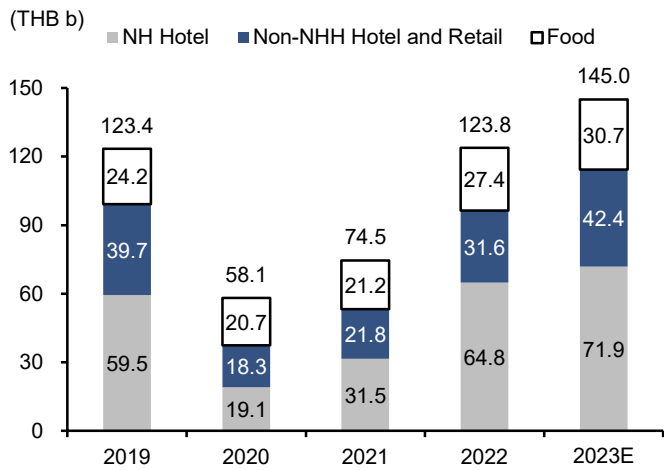
Source: MINT; FSSIA estimates

Exhibit 7: 1Q23 results preview

	1Q22	2Q22	3Q22	4Q22	1Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	19,630	31,423	33,567	34,743	29,694	(15)	51	140,825
-Hotel & Mixed-use	12,967	24,770	25,893	27,014	21,595	(20)	67	108,590
-Restaurant	6,123	6,066	7,035	6,989	7,348	5	20	29,336
-Retail	541	587	639	741	751	1	39	2,899
COGS (incl. depreciation)	(13,591)	(17,064)	(18,240)	(18,859)	(17,187)	(9)	26	(77,879)
Gross profit	6,040	14,359	15,327	15,884	12,508	(21)	107	62,946
SG&A	(9,023)	(10,797)	(11,293)	(10,886)	(10,886)	0	21	(48,846)
Operating profit	(2,983)	3,562	4,035	4,999	1,622	(68)	(154)	14,101
Net other income	833	720	986	457	480	5	(42)	3,090
Dividend income	0	0	0	2	0			0
Interest income	151	174	238	302	302	0	100	459
Interest expense	(2,056)	(2,157)	(2,289)	(2,501)	(2,701)	8	31	(10,027)
Pretax profit	(4,056)	2,300	2,969	3,259	(297)	(109)	(93)	7,624
Income tax	145	(812)	(963)	(724)	50	(107)	(66)	(2,058)
Associates	55	(137)	171	46	121	163	121	579
Minority interest	274	(140)	(168)	(203)	(100)	(51)	(136)	(650)
Core profit	(3,582)	1,210	2,010	2,379	(225)	(109)	(94)	5,494
Extraordinaries, GW & FX	(212)	351	2,598	(468)		(100)	(100)	
Reported net profit	(3,794)	1,561	4,608	1,911	(225)	(112)	(94)	5,494
								0
Shares out (end Q, m)	5,218	5,257	5,258	5,259	5,259	0	1	21,035
								0
Core EPS	(0.7)	0.2	0.4	0.5	(0.0)	(109)	(94)	1
EPS	(0.7)	0.3	0.9	0.4	(0.0)	(112)	(94)	1
								0
COGS (excl. depreciation)	(8,901)	(12,176)	(13,358)	(14,045)	(12,107)	(14)	36	(57,618)
Depreciation	(4,690)	(4,888)	(4,882)	(4,814)	(5,080)	6	8	(20,260)
EBITDA	2,745	9,208	10,312	10,620	7,605	(28)	177	34,361
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	31	46	46	46	42	(4)	11	45
SG&A/Revenue	46	34	34	31	37	5	(9)	35
Hotel EBITDA margin	11	31	32	32	24	(8)	14	
Food EBITDA margin	18	17	21	22	22	(0)	4	
Retail EBITDA margin	21	20	22	15	16	1	(5)	
Total EBITDA margin	13	28	30	30	25	(5)	12	24
Net profit margin	(18)	5	13	5	(1)	(6)	18	4
Operating stats								
Owned & leased RevPAR (y-y %)								
Total	252	334	96	66	91			
Thailand	147	300	378	206	224			
Maldives	63	38	8	(11)	(15)			
Europe & The Americas (NHH)	270	368	100	64	93			
SSSG (y-y %)								
Total	4	8	17	4	12			
Thailand	12	13	11	4	n/a			
China	(15)	(43)	(11)	(26)	n/a			
TSSG (y-y %)								
Total	12	13	41	17	20			
Thailand	20	26	51	20	n/a			
China	(2)	(52)	0	(20)	n/a			

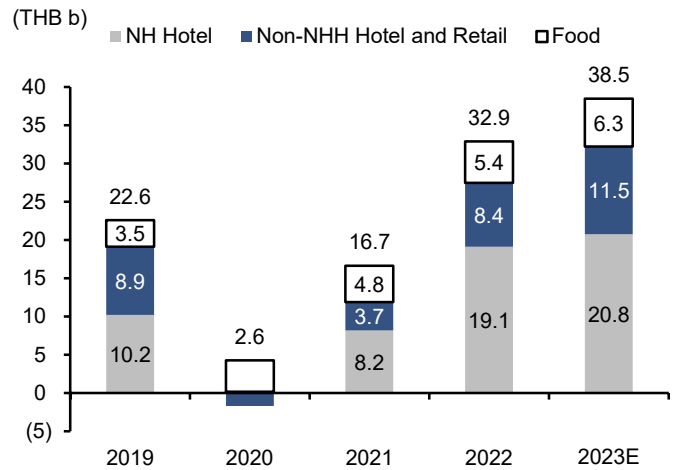
Sources: MINT; FSSIA estimates

Exhibit 8: Revenue forecast breakdown



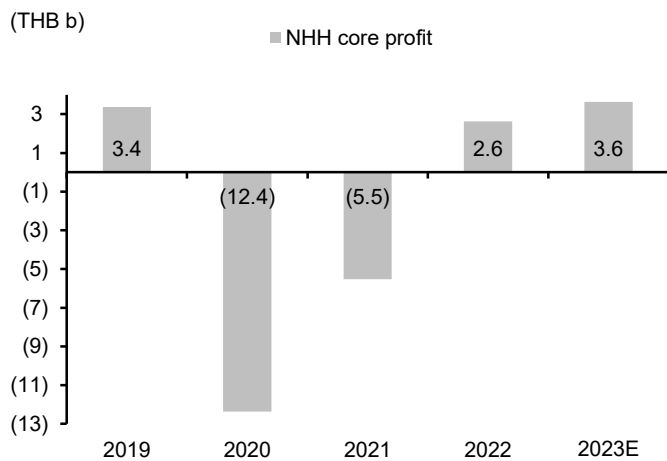
Note: Revenue includes share income and other income
Sources: NHH; MINT; FSSIA estimates

Exhibit 9: EBITDA forecast breakdown



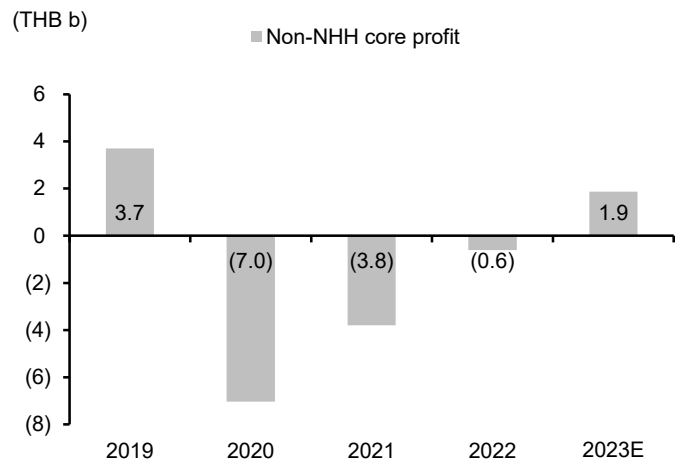
Note: 1) Revenue includes share income and other income; 2) EBITDA in 2019 excludes TFRS-16 accounting standard
Sources: NHH; MINT; FSSIA estimates

Exhibit 10: NHH's annual core profit contribution to MINT



Note: Based on the 94% stake that MINT holds in NHH
Source: NHH; MINT; FSSIA estimates

Exhibit 11: Annual non-NHH core profit



Sources: MINT; FSSIA estimates

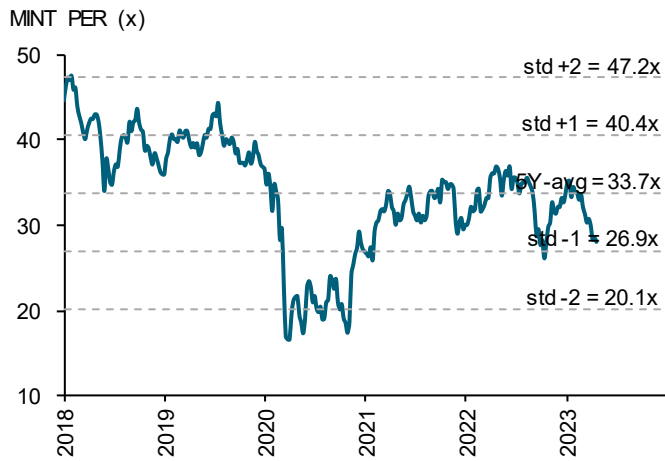
Exhibit 12: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate	3.0		Pre-tax cost of debt	4.0	
Market risk premium	8.0		Marginal tax rate	20.0	
Stock beta	1.3		Net cost of debt, Kd	3.2	
Cost of equity, Ke	13.3		Weight applied	50.0	
Weight applied	50.0				
WACC	8.3				

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	171.9	29.9	WACC 8.3%, risk-free rate 3%, risk premium 8%
Terminal value	257.4	44.7	Terminal growth 2.5%
Cash & liquid assets	27.9	4.8	At end-2023E
Investments	16.2	2.8	At end-2023E
Debt	(231.0)	(40.1)	At end-2023E
Minorities	(12.2)	(2.1)	At end-2023E
Residual ordinary equity	230.2	40.0	

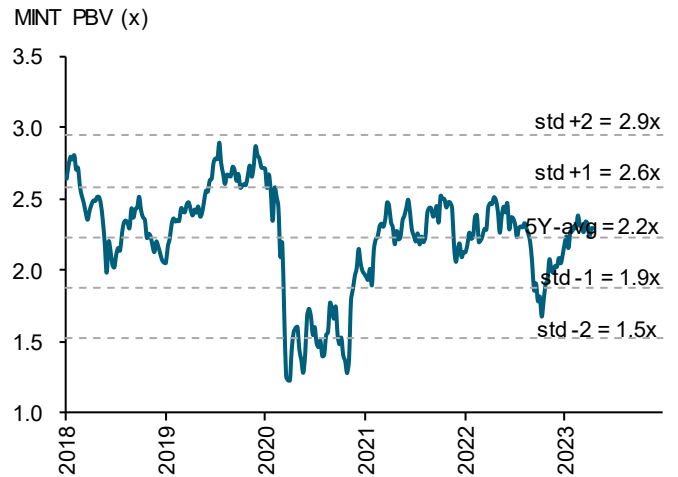
Source: FSSIA estimates

Exhibit 13: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Peer comparisons as of 21 April 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE			ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand															
Asset World Corp	AWC TB	BUY	5.35	6.80	27	4,979	81.2	46.5	n/a	2.5	4.1	2.0	1.9	41.1	28.0
Minor International	MINT TB	BUY	31.00	40.00	29	4,797	32.5	25.3	22.3	7.0	9.2	2.0	2.7	10.5	10.5
Central Plaza Hotel	CENTEL TB	BUY	55.00	58.00	5	2,159	34.7	28.3	n/a	11.1	12.4	3.6	3.4	15.1	13.2
Erawan Group	ERW TB	BUY	4.76	5.50	16	627	40.5	38.1	32.8	8.9	8.8	3.5	3.0	16.7	15.5
S Hotels & Resorts	SHR TB	BUY	3.58	5.30	48	374	28.1	19.0	16.5	2.8	4.1	0.8	0.8	8.7	7.6
Dusit Thani	DUSIT TB	BUY	11.20	18.00	61	277	186.2	38.9	3.8	1.2	5.7	2.3	2.2	41.1	31.8
Bound and Beyond	BEYOND TB	BUY	15.20	24.00	58	128	60.3	18.4	14.6	1.3	4.0	0.7	0.7	12.5	9.5
Thailand average						13,342	66.2	30.6	18.0	5.0	6.9	2.1	2.1	20.8	16.6
Regional															
Btg Hotels Group	600258 CH	n/a	21.97	n/a	n/a	3,567	30.6	21.0	17.8	7.3	9.8	2.2	2.0	12.6	10.7
Sh Jinjiang Intl Hotels	900934 CH	n/a	2.03	n/a	n/a	7,448	9.7	6.6	5.5	8.5	11.3	0.8	0.8	17.2	13.2
Huangshan Tourism Develop	900942 CH	n/a	0.82	n/a	n/a	1,175	15.1	11.8	9.6	6.3	8.0	0.9	0.9	13.5	11.0
Genting Bhd	GENT MK	n/a	4.67	n/a	n/a	4,052	14.7	11.5	9.6	3.9	5.1	0.6	0.5	6.7	6.2
Greentree Hospitality	GHG US	n/a	4.53	n/a	n/a	467	10.4	7.0	6.7	19.1	25.0	1.7	1.4	5.8	4.7
Huazhu Group	HTHT US	n/a	47.02	n/a	n/a	14,970	40.8	28.6	28.6	23.4	25.1	9.6	7.6	20.8	15.9
Indian Hotels	IH IN	n/a	336.75	n/a	n/a	5,828	52.1	41.9	35.3	12.1	13.4	6.0	5.4	28.1	25.1
Lemon Tree Hotels	LEMONTRE IN	n/a	85.30	n/a	n/a	823	56.5	40.4	25.5	13.0	15.5	6.8	5.8	21.9	18.2
Lippo Karawaci	LPKR IJ	n/a	81.00	n/a	n/a	384	n/a	69.6	n/a	(1.3)	0.3	0.3	0.3	8.8	7.8
Regional average						38,714	28.7	26.5	17.3	9.4	11.8	3.2	2.8	15.0	12.5
Overall average						52,056	46.2	28.3	17.6	7.6	9.8	2.7	2.5	17.6	14.3

Sources: Bloomberg; FSSIA estimates

Financial Statements

Minor International

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	68,251	119,364	140,825	148,312	155,655
Cost of goods sold	(27,475)	(48,479)	(57,618)	(60,813)	(63,422)
Gross profit	40,776	70,885	83,207	87,499	92,233
Other operating income	-	-	-	-	-
Operating costs	(31,188)	(41,999)	(48,846)	(51,146)	(53,367)
Operating EBITDA	9,588	28,886	34,361	36,353	38,866
Depreciation	(19,942)	(19,275)	(20,260)	(20,831)	(21,955)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(10,354)	9,612	14,101	15,522	16,911
Net financing costs	(7,484)	(8,138)	(9,567)	(9,024)	(9,120)
Associates	(209)	136	579	695	730
Recurring non-operating income	5,888	3,133	3,669	3,878	4,008
Non-recurring items	(3,852)	2,269	0	0	0
Profit before tax	(15,802)	6,877	8,203	10,376	11,800
Tax	1,627	(2,354)	(2,058)	(2,614)	(2,989)
Profit after tax	(14,175)	4,523	6,144	7,762	8,811
Minority interests	1,009	(236)	(650)	(715)	(822)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(13,167)	4,286	5,494	7,047	7,988
Non-recurring items & goodwill (net)	3,852	(2,269)	0	0	0
Recurring net profit	(9,315)	2,017	5,494	7,047	7,988
Per share (THB)					
Recurring EPS *	(1.79)	0.35	0.95	1.22	1.39
Reported EPS	(2.53)	0.82	0.98	1.22	1.39
DPS	0.00	0.00	0.33	0.42	0.47
Diluted shares (used to calculate per share data)	5,214	5,755	5,755	5,755	5,755
Growth					
Revenue (%)	22.2	74.9	18.0	5.3	5.0
Operating EBITDA (%)	1,850.7	201.3	19.0	5.8	6.9
Operating EBIT (%)	nm	nm	46.7	10.1	8.9
Recurring EPS (%)	nm	nm	172.4	28.3	13.4
Reported EPS (%)	nm	nm	20.3	24.7	13.4
Operating performance					
Gross margin inc. depreciation (%)	30.5	43.2	44.7	45.0	45.1
Gross margin of key business (%)	30.5	43.2	44.7	45.0	45.1
Operating EBITDA margin (%)	14.0	24.2	24.4	24.5	25.0
Operating EBIT margin (%)	(15.2)	8.1	10.0	10.5	10.9
Net margin (%)	(13.6)	1.7	3.9	4.8	5.1
Effective tax rate (%)	13.9	52.6	27.0	27.0	27.0
Dividend payout on recurring profit (%)	-	-	35.0	34.0	34.0
Interest cover (X)	(0.6)	1.6	1.9	2.1	2.3
Inventory days	47.6	27.9	26.0	26.5	26.7
Debtor days	72.0	48.5	47.8	50.7	50.1
Creditor days	223.9	151.3	134.9	128.3	129.0
Operating ROIC (%)	(3.1)	1.6	3.8	4.1	4.5
ROIC (%)	(1.2)	1.9	4.2	4.6	5.0
ROE (%)	(13.8)	2.9	7.0	9.2	11.4
ROA (%)	(1.1)	1.7	3.6	4.1	4.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel & Mixed-use	45,160	90,644	108,590	114,523	120,237
F&B revenue	20,321	26,213	29,336	30,802	32,343
Retail revenue	2,770	2,507	2,899	2,986	3,076

Sources: Minor International; FSSIA estimates

Financial Statements

Minor International

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(9,315)	2,017	5,494	7,047	7,988
Depreciation	19,942	19,275	20,260	20,831	21,955
Associates & minorities	-	-	-	-	-
Other non-cash items	(5,186)	(1,997)	650	715	822
Change in working capital	6,605	2,644	(8,746)	(568)	748
Cash flow from operations	12,046	21,939	17,658	28,025	31,513
Capex - maintenance	(27,042)	(5,900)	(17,000)	(20,000)	(17,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(197)	(1)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(27,238)	(5,902)	(17,000)	(20,000)	(17,000)
Dividends paid	0	0	0	(1,868)	(2,396)
Equity finance	(453)	(514)	9,276	(23,932)	0
Debt finance	(5,883)	(17,932)	(5,000)	(5,000)	(10,000)
Other financing cash flows	20,436	278	0	0	0
Cash flow from financing	14,101	(18,168)	4,276	(30,800)	(12,396)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,092)	(2,130)	4,934	(22,775)	2,117
Free cash flow to firm (FCFF)	(7,074.20)	25,040.43	10,684.86	17,607.07	23,735.43
Free cash flow to equity (FCFE)	(638.87)	(1,616.77)	(4,341.81)	3,025.03	4,513.39

Per share (THB)

FCFF per share	(1.23)	4.35	1.86	3.06	4.12
FCFE per share	(0.11)	(0.28)	(0.75)	0.53	0.78
Recurring cash flow per share	1.04	3.68	4.72	4.97	5.35

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	392,452	381,640	398,640	418,640	435,640
Less: Accumulated depreciation	(104,820)	(107,248)	(127,508)	(148,339)	(170,294)
Tangible fixed assets (net)	287,632	274,392	271,132	270,301	265,346
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	16,249	16,250	16,250	16,250	16,250
Cash & equivalents	25,097	22,966	27,900	5,125	7,243
A/C receivable	14,638	17,052	19,869	21,352	21,352
Inventories	3,490	3,909	4,295	4,534	4,728
Other current assets	5,602	6,369	6,619	6,971	7,316
Current assets	48,827	50,296	58,683	37,981	40,638
Other assets	16,926	17,272	17,272	17,272	17,272
Total assets	369,633	358,210	363,337	341,804	339,506
Common equity	68,023	71,059	85,829	67,077	72,669
Minorities etc.	11,470	11,550	12,200	12,915	13,737
Total shareholders' equity	79,492	82,609	98,029	79,992	86,406
Long term debt	224,576	207,126	202,126	197,126	187,126
Other long-term liabilities	38,610	35,759	35,759	35,759	35,759
Long-term liabilities	263,187	242,885	237,885	232,885	222,885
A/C payable	18,394	21,807	20,793	21,946	22,887
Short term debt	482	0	0	0	0
Other current liabilities	8,079	10,910	6,630	6,982	7,328
Current liabilities	26,954	32,716	27,423	28,928	30,215
Total liabilities and shareholders' equity	369,633	358,210	363,337	341,804	339,506
Net working capital	(2,742)	(5,386)	3,360	3,928	3,180
Invested capital	318,064	302,527	308,014	307,751	302,048

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

Per share (THB)

Book value per share	13.05	13.54	15.34	11.66	12.63
Tangible book value per share	13.05	13.54	15.34	11.66	12.63

Financial strength

Net debt/equity (%)	251.5	222.9	177.7	240.0	208.2
Net debt/total assets (%)	54.1	51.4	48.0	56.2	53.0
Current ratio (x)	1.8	1.5	2.1	1.3	1.3
CF interest cover (x)	0.9	0.8	0.5	1.3	1.5

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(17.4)	88.4	32.5	25.3	22.3
Recurring P/E @ target price (x) *	(22.4)	114.1	41.9	32.7	28.8
Reported P/E (x)	(12.3)	38.0	31.6	25.3	22.3
Dividend yield (%)	-	-	1.1	1.3	1.5
Price/book (x)	2.4	2.3	2.0	2.7	2.5
Price/tangible book (x)	2.4	2.3	2.0	2.7	2.5
EV/EBITDA (x) **	38.9	12.4	10.5	10.5	9.6
EV/EBITDA @ target price (x) **	43.8	14.0	11.9	12.0	10.9
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.2

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

Sources: Minor International; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "[CG Score](#)" by the Thai Institute of Directors Association (Thai IOD); 2) "[AGM Checklist](#)" by the Thai Investors Association (TIA), a "[CAC certified member](#)" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "[Sustainability Investment List \(THSI\)](#)" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in [Environmental](#), and [Social](#) issues, by managing business with transparency in [Governance](#). The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: [Economic](#) (CG, risk management, customer relation management, supply chain management, and innovation); [Environmental](#) (environmental management, eco-efficiency, and climate risk); [Social](#) (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Minor International	MINT TB	THB 31.00	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.
Asset World Corp	AWC TB	THB 5.35	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 55.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.76	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 3.58	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 11.20	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.
Bound and Beyond	BEYOND TB	THB 15.20	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.

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 21-Apr-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.