

Thailand Tourism

สะสมก่อนราคาขึ้น

- คาดนักท่องเที่ยวจากจีนจะผ่านระดับต่ำสุดในเดือน พ.ค. และปรับตัวดีขึ้นใน 3Q23 จากจำนวนเที่ยวบินที่เพิ่มขึ้นรวมถึงวันหยุดในช่วงฤดูร้อนและช่วงปิดภาคการศึกษา (ก.ค. และ ส.ค.)
- คาดตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศจำนวน 30 ล้านในปี 2023 (74% ของระดับก่อนโควิด)
- คงแนะนำซื้อ; หุ้นเด่นในระยะสั้นคือ MINT ระยะกลางคือ AAV, BA และ AWC; wildcard pick เป็น BEYOND

ตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศและนักท่องเที่ยวชาวจีนจะเร่งตัวขึ้นในช่วง 2H23

ในท่ามกลางความกังวลของตลาดเกี่ยวกับตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศและนักท่องเที่ยวชาวจีนในเดือน พ.ค. เรามองว่าราคาหุ้นที่แพงเกินไปเมื่อเร็ว ๆ นี้เป็นโอกาสในการซื้อหุ้นท่องเที่ยว โดยปกติ พ.ค. เป็นเดือนที่แย่มากที่สุดในแง่ตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศและนักท่องเที่ยวชาวจีนโดยตัวเลขได้ติดกลับมา 2 อาทิตย์ติดต่อกันและน่าจะปรับตัวดีต่อเนื่องหลังประเทศไทยได้จัดสรรเที่ยวบินเพิ่มในเส้นทางไทย - จีนตั้งแต่เดือน มิ.ย. เป็นต้นไป นอกจากนี้เรายังเห็นความต้องการ Pent-up จากนักท่องเที่ยวจีนซึ่งจะเห็นได้จากตัวเลขการท่องเที่ยวในประเทศที่สูงกว่าระดับก่อนโควิดในช่วงวันหยุดวันแรงงานที่ผ่านมา การฟื้นตัวของตลาดต่างประเทศน่าจะเกิดตามตลาดในประเทศพร้อมจำนวนเที่ยวบินต่างประเทศที่เพิ่มขึ้น

คาดตัวเลขนักท่องเที่ยวจีนที่ 5.2 ล้านในปี 2023 (48% ของระดับก่อนโควิด)

เราคาดตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศที่ 30 ล้านในปี 2023 โดยมีสมมติฐานสำคัญอยู่ที่อัตราการฟื้นตัวของนักท่องเที่ยวจีนที่จะเร่งตัวขึ้นจาก 37% ของระดับก่อนโควิดในเดือน เม.ย. เป็นมากกว่า 90% ในเดือน ธ.ค. ซึ่งจะทำให้ได้ตัวเลขนักท่องเที่ยวจีนรวม 5.2 ล้านในปีนี้ ในขณะที่ตัวเลขนักท่องเที่ยวอื่นที่ไม่ใช่ชาวจีนน่าจะฟื้นตัวจาก 81% ของระดับก่อนโควิดในเดือน เม.ย. เป็นมากกว่า 90% ในเดือน ธ.ค. ประมาณการนักท่องเที่ยวเดินทางเข้าประเทศของเราอยู่ในกรอบบนของตัวเลขที่การท่องเที่ยวแห่งประเทศไทยคาดว่าจะไว้ที่ 25-30 ล้านในปี 2023

ค่าห้องรายวันเฉลี่ย (ADR) และค่าบัตรโดยสารสูงเกินระดับก่อนโควิดและน่าจะปรับตัวดีต่อเนื่อง

เราเชื่อว่ากลุ่มท่องเที่ยวของไทยยังอยู่ในช่วงต้นของการฟื้นตัวโดยมีตัวเลขนักท่องเที่ยวเดินทางเข้าประเทศฟื้นตัวเป็นเพียง 60% ของระดับก่อนโควิดใน 1Q23 อย่างไรก็ตามค่าห้องรายวันเฉลี่ย (ADR) ของโรงแรมส่วนมากและค่าบัตรโดยสารของสายการบินได้ปรับตัวขึ้นเกินระดับก่อนโควิดไปแล้วใน 1Q23 จาก pent-up demand ของนักท่องเที่ยวกลุ่มใช้จ่ายสูง เราคาดว่าราคาน่าจะปรับตัวขึ้นต่อเนื่องโดยมีสมมติฐานจากการฟื้นตัวของนักท่องเที่ยวที่มีการใช้จ่ายใช้สอยในระดับสูง

เลือกหุ้นที่มีศักยภาพในการขึ้นราคา

เราคงให้น้ำหนักกลุ่มการท่องเที่ยวมากกว่าตลาด เราชอบกลุ่มสายการบิน (AAV และ BA) จากการแข่งขันในตลาดในประเทศที่อยู่ในระดับต่ำ แนวโน้ม Load Factor และราคาบัตรโดยสารขาขึ้นรวมถึงราคาค่าเชื้อเพลิงอากาศยานที่ลดลงจาก USD106 ใน 1Q23 เป็น USD88 ต่อบาร์เรลในปัจจุบัน สำหรับในกลุ่มโรงแรมเราชอบ AWC เนื่องจากโรงแรมส่วนมากอยู่ในตลาดโรงแรมหรูซึ่งจะได้ประโยชน์จากแนวโน้มค่า ADR ที่เพิ่มขึ้น โดยราคาหุ้นอยู่ต่ำกว่าระดับก่อนโควิดอยู่ถึง 19% ซึ่งไม่สมเหตุผลเนื่องจากกำไรปกติของ AWC ได้ปรับขึ้นสูงกว่าระดับก่อนโควิดไปแล้วพร้อมมูลค่าสินทรัพย์ดำเนินงานที่เพิ่มขึ้น 37% จากปี 2019 นอกจากนี้เรายังชอบ MINT ในระยะสั้นเนื่องจาก NH Hotel น่าจะพลิกมารายงานกำไรอีกครั้งใน 2Q23 พร้อมแนวโน้ม RevPAR ที่อยู่ในเกณฑ์ดีโดยเพิ่มขึ้น 32% จากระดับก่อนโควิดในเดือน เม.ย. Wildcard pick เป็น BEYOND จากการประเมินมูลค่าที่อยู่ในระดับต่ำที่ 0.7x ของค่า 2024E P/BV และ 18x ของค่า 2024E P/E นอกจากนี้โรงแรมของบริษัทฯ ยังมีสถานะที่ดีในกลุ่มโรงแรมหรู



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กรรมการอิสระและประธานกรรมการตรวจสอบของ FINANSIA SYRUS ดำรงตำแหน่งกรรมการของ BA

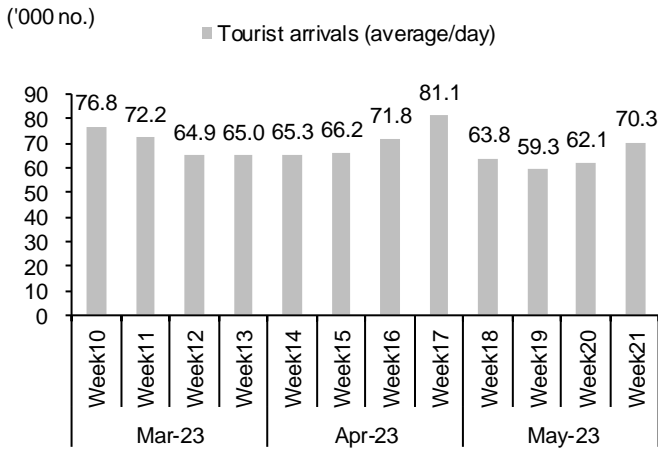
PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 31 พฤษภาคม 2023

Slow recovery of Chinese tourist arrivals in May is not a big issue

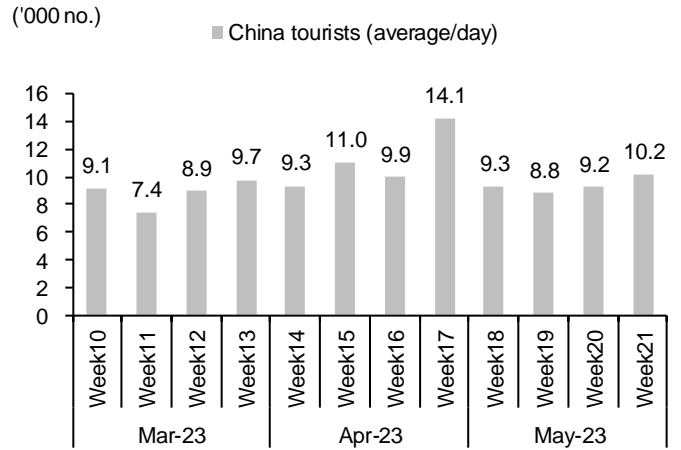
The market is currently concerned about the slowdown of Thailand’s inbound Chinese tourist arrivals in May. The numbers have declined from an average of c11,000 tourists/day in April to c9,000/day. However, we are not concerned about this issue and expect strong Chinese tourist numbers to accelerate in 2H23 due to following reasons:

Exhibit 1: Thailand’s tourist arrivals



Source: Economics Tourism and Sports Division

Exhibit 2: Thailand's Chinese tourist arrivals



Source: Economics Tourism and Sports Division

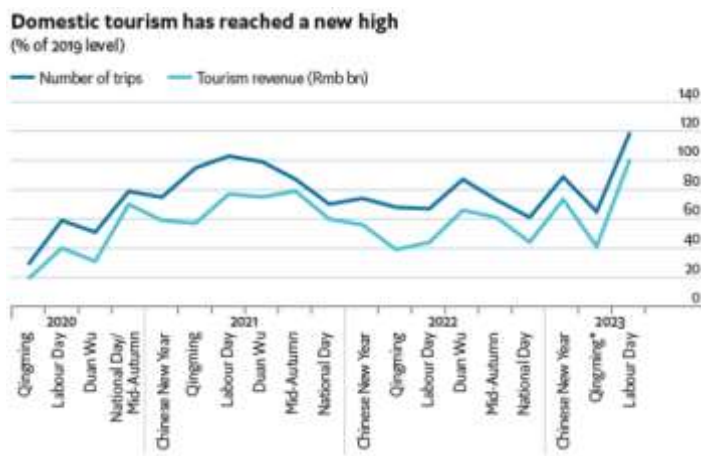
1) Chinese outbound tourism faces temporary constraints

We believe Chinese tourism demand is very strong, as indicated by the solid domestic trip numbers and tourism revenue which exceeded pre-Covid levels by 19% and 1%, respectively, during the recent Labour Day holiday (29 April to 3 May).

However, the outbound tourism trend has not followed the domestic market. This is mainly due to limited international flight capacity, which only recovered to c40% of pre-Covid in April, compared to domestic flight capacity which has already exceeded pre-Covid. This has led to higher ticket fares for international flights.

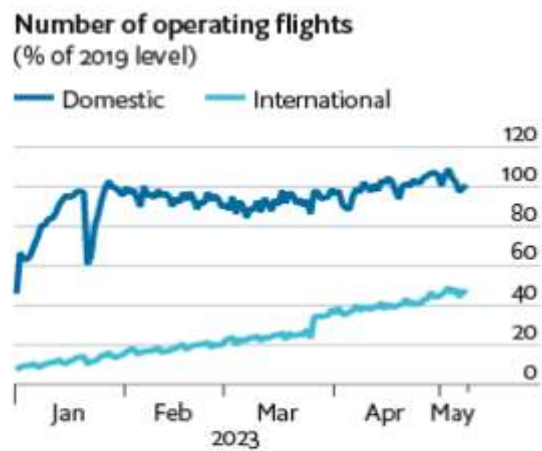
In addition, according to a [McKinsey & Company report](#), up to c20% of Chinese tourist’s passports have expired. The renewal process is slow due to the large backlog.

Exhibit 3: China’s domestic tourism recovery trend



Sources: [EIU](#); Ministry of Culture and Tourism

Exhibit 4: China’s flight capacity



Sources: [EIU](#); Wind; CACC; Flight Master

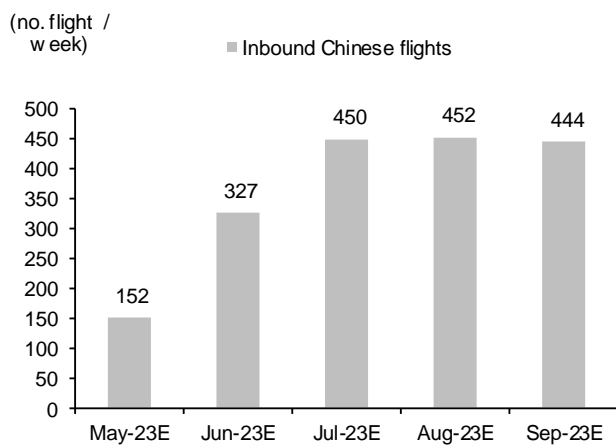
2) Inbound Chinese flights to increase after resolving Suvarnabhumi Airport's ground services bottleneck

On a positive note, Chinese airlines have continued to increase their international capacity. The Civil Aviation Administration of China (CAAC) targets overall capacity to reach 75% of pre-Covid by the end of 2023.

This is in line with Civil Aviation Authority of Thailand (CAAT)'s comment that it recently increased the number of slots at Suvarnabhumi Airport for Chinese airlines from 152 flights/week in May to more than 400 flights/week in September after AOT mitigated the ground services bottleneck by permitting AOT Ground Aviation Services (AOTGA) to be the temporary third ground handling operator for Suvarnabhumi Airport (two existing operators are Thai Airways (THAI TB) and Bangkok Flight Services). Similarly, Aeronautical Radio of Thailand expects Inbound Chinese flights (for all of Thailand's airports) to increase from 4,240 flights in April to more than 7,000 flights in September.

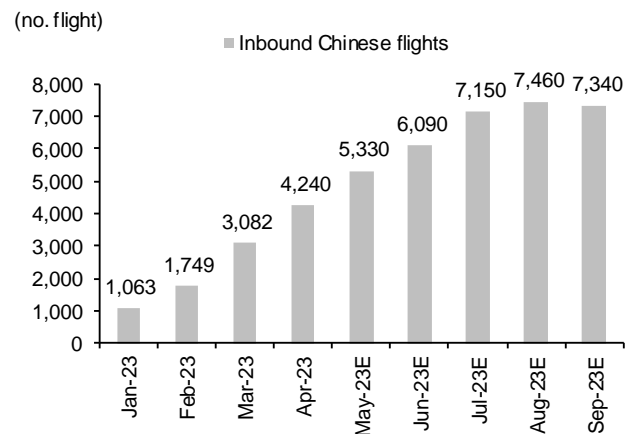
In addition, AAV, which normally has the largest market share of China-Thailand routes, also expects to ramp up its capacity from 67 flights/week in 1Q23 to 114 flights in 2Q23 and reach 140 flights, equivalent to the pre-Covid level, by 2H23.

Exhibit 5: Inbound Chinese flights for Suvarnabhumi Airport



Source: CAAT

Exhibit 6: Inbound Chinese flights for all of Thailand's airports

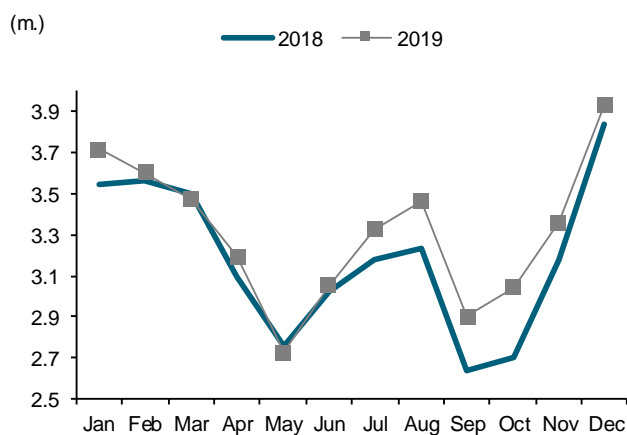


Source: Aeronautical Radio of Thailand

3) Seasonal effect: ramping up in 3Q23 and peaking in 4Q23

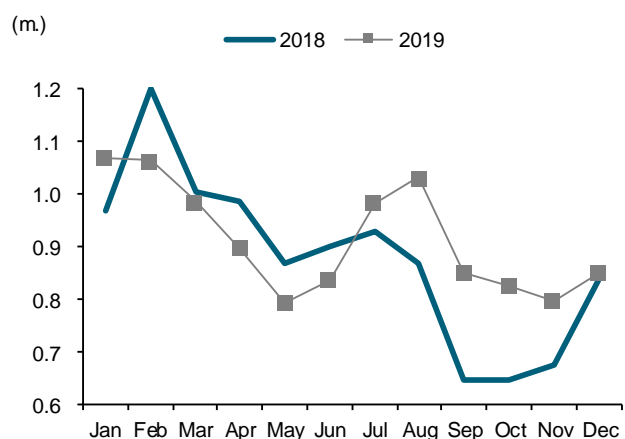
We believe the number of Chinese tourists in May 2023 will mark the bottom of the year due to seasonal effect. The number should accelerate in summer and during school holidays (July and August) and Golden Week (October) and reach its peak during the New Year holidays (December)

Exhibit 7: Thailand tourist arrival seasonal trends in 2018-19



Source: Ministry of Tourism and Sports (MOTS)

Exhibit 8: Thailand's inbound Chinese tourists in 2018-19



Note: Chinese tourist numbers declined in 2H18 due to the Phuket boat incident
Source: MOTs

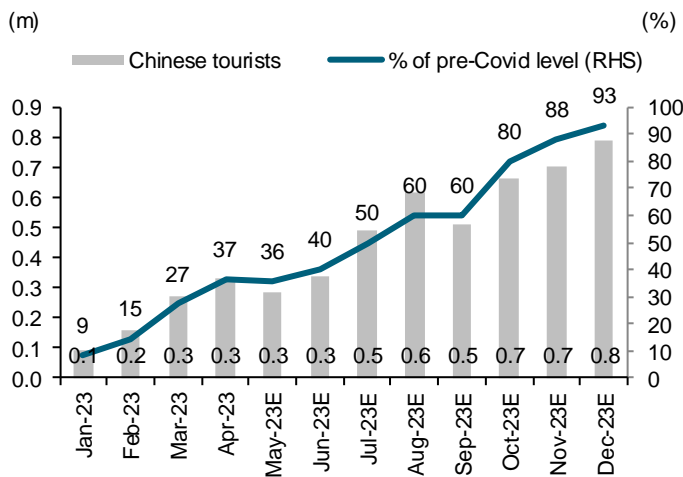
Expect 30m tourist arrivals in 2023, rising to 40m in 2024

According to the Economics Tourism and Sports Division, Thailand's tourist arrivals were at 10.4m as of 28 May. We expect the number to accelerate in 2H23 and reach 29.6m in 2023, which is equivalent to 74% of the pre-Covid level. We estimate the Chinese tourist recovery rate to accelerate from 37% of pre-Covid in April to more than 90% in December. Meanwhile, non-Chinese tourist numbers should recover from 81% of pre-Covid in April to more than 90% in December.

In terms of a tourist breakdown by region in 2023, we estimate Chinese tourists at 5.2m, equivalent to 48% of the pre-Covid level. South East Asian tourists should almost reach the pre-Covid level. We estimate Indian and European tourists to recover to 80-90% of the pre-Covid level. Tourists from the Middle East and the Americas should recover to 75-80%. Tourists from Asia, excluding Chinese and Indians, should recover to 60-70% – the slowest compared to other regions mainly due to the absence of Japanese tourists who recovered to only 30% of the pre-Covid level in April.

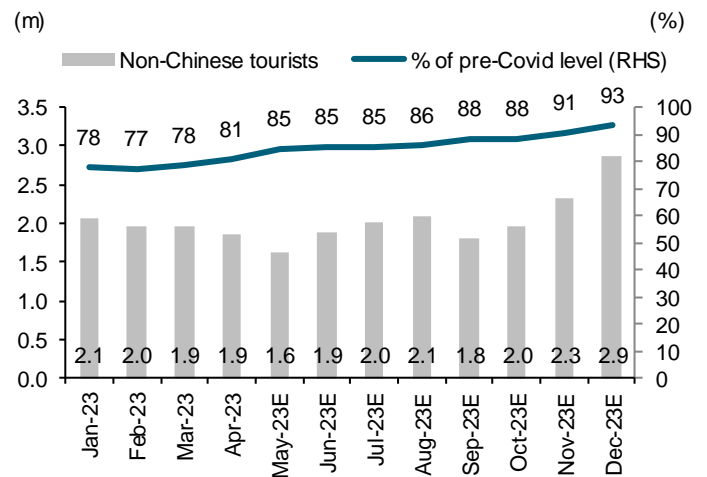
We expect tourist arrival number should reach pre-Covid level in 2024 when the capacity constraint resolve.

Exhibit 9: Chinese tourist arrivals by month in 2023



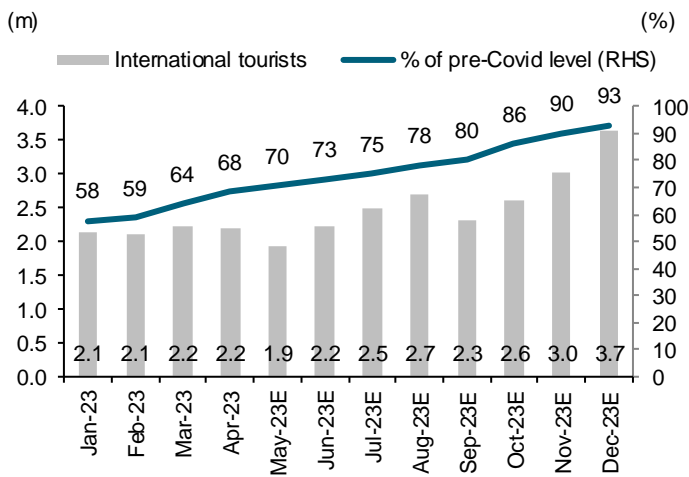
Sources: MOTS; FSSIA estimates

Exhibit 10: Non-Chinese tourist arrivals by month in 2023



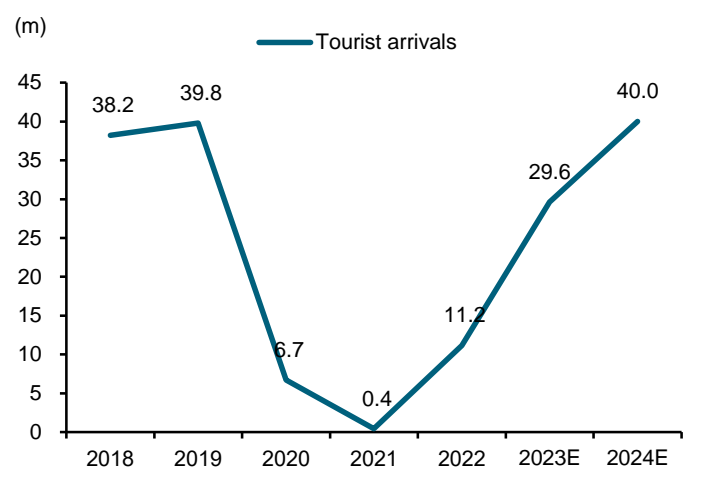
Sources: MOTS; FSSIA estimates

Exhibit 11: Tourist arrivals by month in 2023



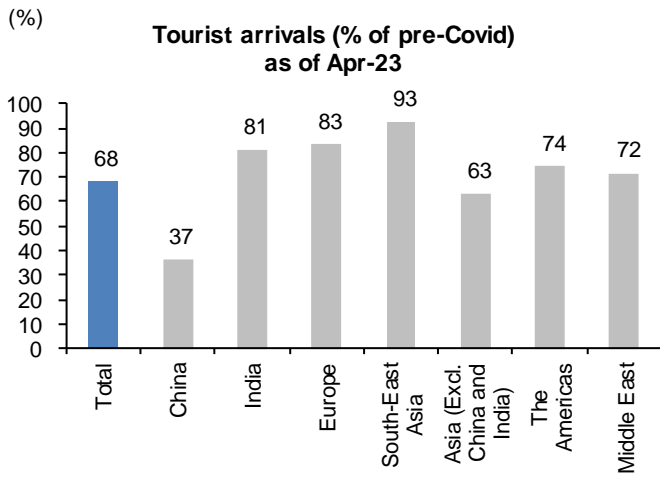
Sources: MOTS; FSSIA estimates

Exhibit 12: Tourist arrival forecast



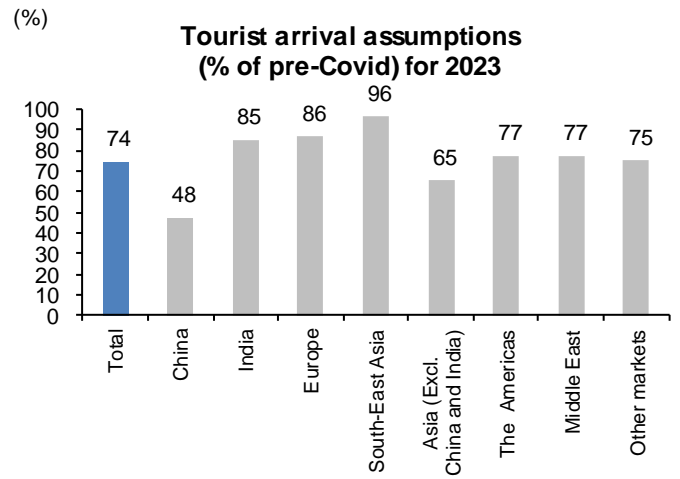
Sources: MOTS; FSSIA estimates

Exhibit 13: Key market segment recovery rates



Source: MOTs

Exhibit 14: Key assumptions for tourist arrivals in 2023



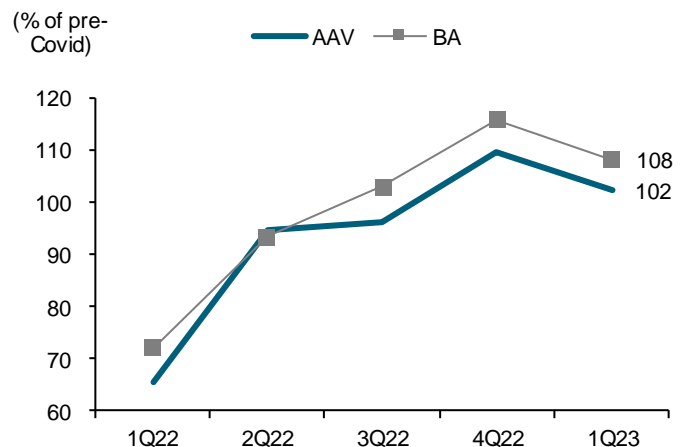
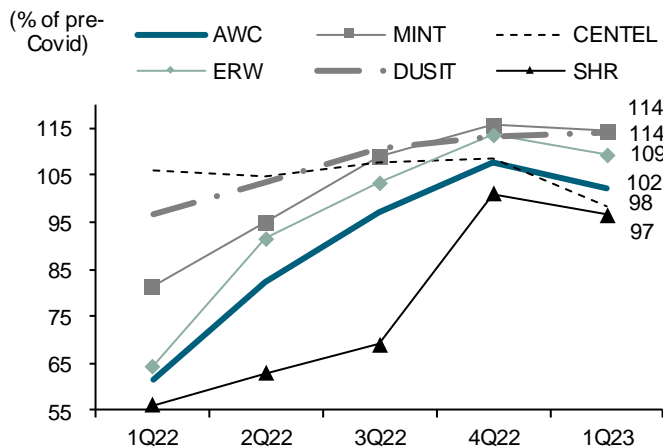
Source: FSSIA estimates

Luxury segment should benefit from high-spending segment

We believe Thailand’s tourism sector is in the early stage of a recovery. We have already seen most Thai hotels and airlines benefitting from ADR and ticket fares that exceeded pre-Covid levels in 1Q23, despite tourist arrivals recovering to only 60% of pre-Covid. This was due to strong pent-up demand, with the first group of tourists to recover being in the high-spending bracket. For the airline sector, ticket fares have exceeded the pre-Covid level, driven by lower domestic competition. The recovery of international tourist numbers should boost ticket fares for both international routes and domestic routes.

Exhibit 15: ADRs have mostly reached pre-Covid levels since 1Q23

Exhibit 16: Ticket fares have exceeded pre-Covid since 1Q23

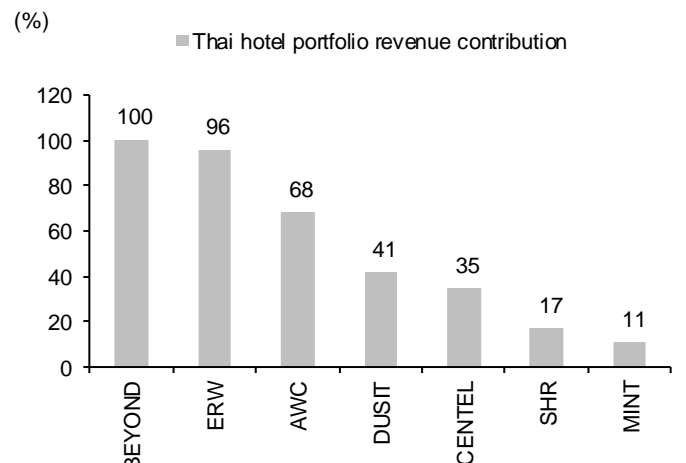
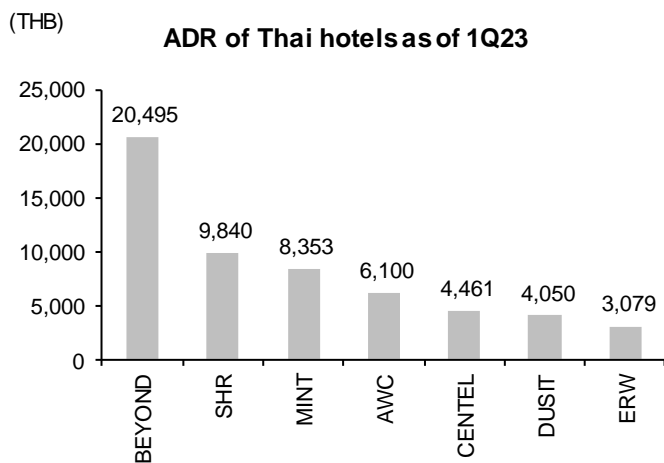


Source: FSSIA’s compilation

Source: FSSIA’s compilation

Exhibit 17: ADR profiles of Thai hotel portfolios

Exhibit 18: Revenue contributions of Thai hotel portfolios



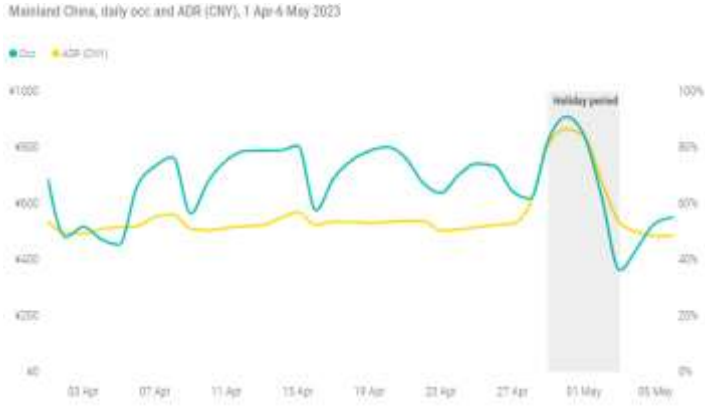
Note: 1) only Thai hotels; 2) excludes Hop Inn for ERW
Source: FSSIA compilation

Note: 1) Data as of 2019 for ERW, CENTEL; 2) data as of 2022 for AWC; 3) data as of 1Q23 for DUSIT; 4) data as of 2023E for BEYOND and SHR
Source: FSSIA compilation

According to [STR](#), the aggregate ADR of China hotels has exceeded pre-Covid by 33% during the recent Labour Day holiday, especially the luxury segment, for which ADR exceeded pre-Covid by c40%. This was due to strong pent-up demand for domestic tourism.

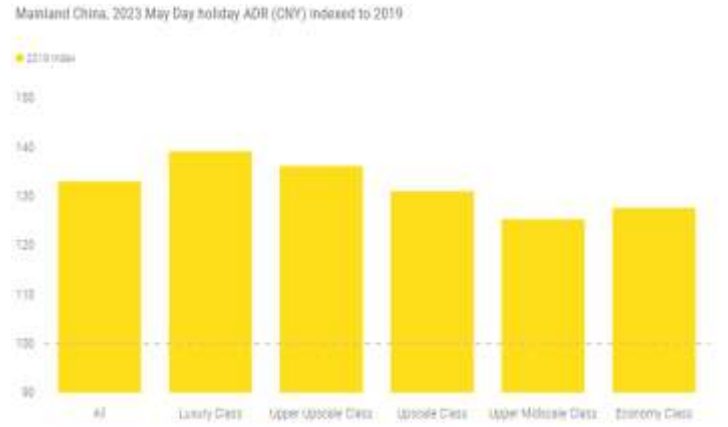
We expect the same pattern to repeat for outbound demand. High-spending tourists should travel overseas first. Thailand should still be one of the top destinations for Chinese tourists. As a result, we expect ADR and ticket fares to increase further.

Exhibit 19: China domestic hotel recovery trend



Source: STR

Exhibit 20: ADR surpassed pre-Covid levels during Labour Day holiday for all segments



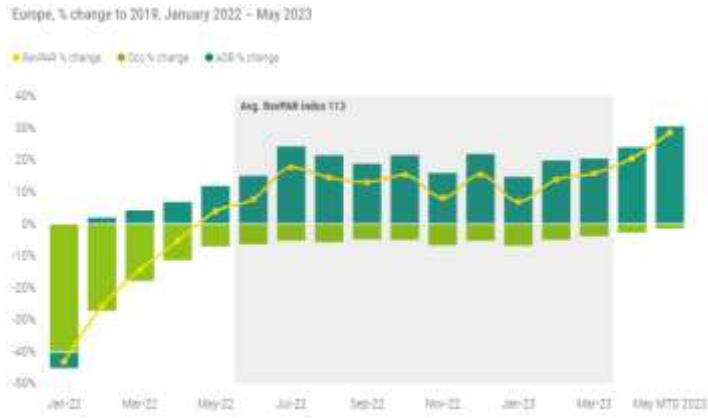
Source: STR

RevPAR of European hotels to reach a new high in 2Q-3Q23

During the low season for Thai hotels, the market should turn its attention to European hotels, which enter their high season in summer over 2Q-3Q23. According to [STR](#), RevPAR for European hotels improved to exceed the pre-Covid level by 29% in May, with the OCC rate reaching closer to the 2019 level, while ADR surpassed the 2019 level by c30%. RevPAR of the luxury segment was the highest thanks to gains in ADR.

This is in line with NH Hotel (hotels in Europe and the Americas)'s performance under MINT, whose RevPAR rose 11% compared to the pre-Covid level in 1Q23, and jumped by 32% in April. The strong operating stats are likely to continue and should support both NH Hotels and MINT to turn profitable again in 2Q23.

Exhibit 21: RevPAR growth has accelerated in European summer season



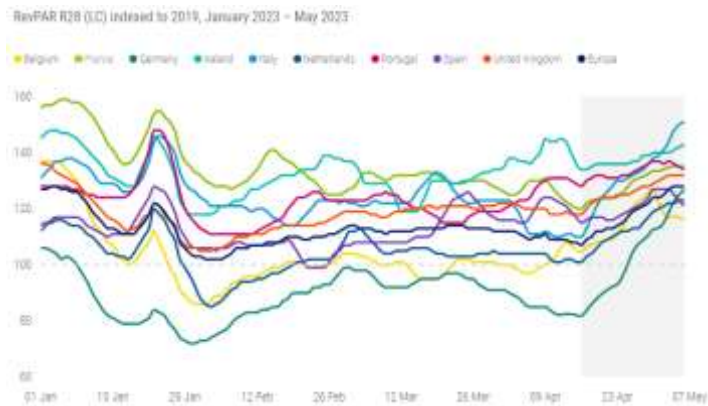
Source: STR

Exhibit 22: Luxury segment gain great benefit from higher ADR in Mar-23



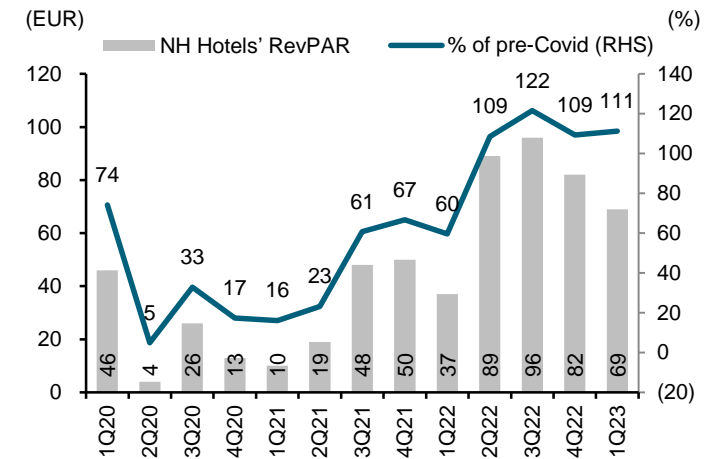
Source: STR

Exhibit 23: RevPAR indexed to 2019 for European countries



Source: STR

Exhibit 24: NH Hotels under MINT



Source: MINT

Exhibit 25: Share price performance

Stocks	Price performance				
	2020	2021	2022	2023 YTD	Since 2019
AWC TB	(22.1)	1.8	35.8	(21.9)	(15.9)
CENDEL TB	(5.2)	31.9	60.8	(1.0)	99.0
ERW TB	(39.5)	29.9	49.3	(6.7)	9.4
SHR TB	(22.2)	22.0	36.0	(18.6)	5.1
MINT TB	(27.4)	11.7	12.2	3.9	(5.5)
DUSIT TB	(20.1)	30.3	9.9	7.2	22.7
BEYOND TB	23.7	34.6	12.8	21.1	127.5
AAV TB	5.2	13.4	20.5	(11.8)	26.8
BA TB	(7.9)	52.3	37.4	2.2	97.1
AOT TB	(16.2)	(2.0)	23.0	(5.7)	(4.7)
Average	(13.2)	22.6	29.8	(3.1)	36.1

Source: Bloomberg

Exhibit 26: Market cap comparison with pre-Covid level

No.	Stock	Current market cap	Avg market cap in 2019	Differ	
		(THB m)	(THB m)	(THB m)	(%)
1	AWC	157,452	187,280	(29,828)	(19)
2	CENDEL	67,163	48,245	18,917	28
3	ERW	18,942	16,052	2,890	15
4	SHR	11,931	13,691	(1,760)	(15)
5	MINT	183,234	174,829	8,405	5
6	DUSIT	10,115	8,612	1,503	15
7	AOT	1,010,713	1,018,866	(8,153)	(1)
8	AAV	32,844	17,265	15,578	47
9	BA	28,770	21,124	7,646	27

Source: Bloomberg

Exhibit 27: Hotels – peers' comparison as of 30 May 2023

Company	BBG	Rec	Share price			Market cap	PE			ROE		PBV		EV/EBITDA	
			Current	Target	Upside		23E	24E	25E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand															
Asset World Corp	AWC TB	BUY	4.92	6.80	38	4,530	74.7	42.7	38.4	2.5	4.1	1.8	1.7	39.6	28.7
Minor International	MINT TB	BUY	33.50	40.00	19	5,272	35.1	27.4	24.1	7.0	9.2	2.2	2.9	10.9	10.9
Central Plaza Hotel	CENDEL TB	BUY	49.75	58.00	17	1,932	31.4	25.6	23.9	10.9	12.2	3.3	3.0	15.0	13.0
Erawan Group	ERW TB	BUY	4.18	5.50	32	545	35.5	33.4	28.8	8.9	8.8	3.0	2.7	15.4	14.2
S Hotels & Resorts	SHR TB	BUY	3.32	5.20	57	343	29.8	17.6	15.3	2.5	4.1	0.7	0.7	8.6	7.3
Dusit Thani	DUSIT TB	BUY	11.90	18.00	51	291	197.8	41.4	4.1	1.2	5.7	2.4	2.3	42.0	32.4
Bound and Beyond	BEYOND TB	BUY	14.90	24.00	61	124	59.1	18.0	14.3	1.3	4.0	0.7	0.7	12.4	9.4
Thailand average						13,038	66.2	29.4	21.3	4.9	6.9	2.0	2.0	20.5	16.6
Regional															
Btg Hotels Group	600258 CH	n/a	19.59	n/a	n/a	3,096	26.6	18.9	15.9	7.4	9.7	1.9	1.8	11.5	9.8
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.82	n/a	n/a	6,230	8.8	6.1	5.3	8.7	11.3	0.8	0.7	14.8	11.6
Huangshan Tourism Dev.	900942 CH	n/a	0.77	n/a	n/a	1,102	13.7	10.5	9.2	6.7	8.2	0.9	0.9	11.6	9.9
Genting Bhd	GENT MK	n/a	4.19	n/a	n/a	3,505	14.1	10.4	9.0	3.7	4.6	0.5	0.5	6.5	5.9
Huazhu Group	HTHT US	n/a	37.94	n/a	n/a	11,750	27.1	22.4	20.6	26.7	25.5	7.3	5.8	15.2	12.4
Indian Hotels	IH IN	n/a	385.45	n/a	n/a	6,621	59.5	44.0	37.3	12.6	14.1	7.0	6.1	31.8	26.9
Lemon Tree Hotels	LEMONTRE IN	n/a	95.55	n/a	n/a	915	65.7	48.7	29.0	13.0	15.2	8.3	6.6	23.8	19.9
Lippo Karawaci	LPKR IJ	n/a	92.00	n/a	n/a	435	2.1	3.3	2.9	16.5	9.6	0.4	0.3	8.4	8.1
Regional average						34,083	27.2	20.5	16.1	10.7	11.4	3.4	2.8	15.5	13.1
Overall average						47,121	45.4	24.7	18.5	8.2	9.4	2.7	2.4	17.8	14.7

Sources: Bloomberg; FSSIA estimates

Exhibit 28: Airports – peers' comparison as of 30 May 2023

Company	BBG	Rec	--- Share price ---		Market cap	3Y EPS CAGR	----- PE -----			--- ROE ---		--- PBV ---		----- EV/ EBITDA -----		
			Current	Target			23E	24E	25E	23E	24E	23E	24E	23E	24E	25E
			(THB)	(THB)			(USD m)	(%)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand																
Airports of Thailand*+	AOT TB	BUY	70.75	85.00	29,080	(257)	76.6	30.4	32.1	12.2	25.9	8.8	7.1	(805.1)	40.0	21.1
Malaysia																
Malaysia Airports	MAHB MK	n/a	6.99	n/a	2,534	74	31	18	14	5.7	9.0	1.6	1.6	8.0	6.8	6.8
China																
Beijing Capital Intl -A	694 HK	n/a	5.50	n/a	3,215	(172)	n/a	17	12	(1.8)	8.4	1.3	1.2	22.1	8.8	8.8
Hainan Meilan Intl	357 HK	n/a	13.18	n/a	796	(267)	16	7	4	7.5	15.3	1.2	1.0	5.3	3.6	3.6
Shanghai Intl Airport-A	600009 CH	n/a	46.70	n/a	16,414	(211)	59	26	17	4.9	10.5	2.8	2.5	27	17.9	17.9
Guangzhou Baiyun Intl	600004 CH	n/a	14.07	n/a	4,703	(209)	53.1	22.4	16.0	3.3	8.0	1.9	1.7	13.4	9.4	9.4
Shenzhen Airport -A	000089 CH	n/a	6.93	n/a	2,007	(173)	126	29.5	19.2	0.3	4.0	1.3	1.3	24	14.7	14.7
Xiamen Int Airport -A	600897 CH	n/a	19.48	n/a	819	(430)	15	11.8	n/a	9.7	11.7	1.4	1.3	6.5	5.4	5.4
Australia																
Auckland Intl Airport**	AIA AU	n/a	8.11	n/a	7,777	n/a	89	43.9	38.5	1.7	3.7	1.6	1.6	36.8	22.6	22.6
Japan																
Japan Airport Termini***	9706 JP	n/a	6,530	n/a	4,348	(225)	n/a	4.4	43.4	4.0	4.4	4.0	3.8	38	17.5	17.5
Average					75,214	(239)	69.8	23.2	25.6	4.3	9.6	2.9	2.6	(79.6)	17.0	14.7

*Fiscal year ends 30 September; ** Fiscal year ends 30 June; *** Fiscal year ends 31 March

Sources: Bloomberg consensus; +FSSIA estimates

Exhibit 29: Airlines – peers' comparison as of 30 May 2023

Company	BBG	Rec	--- Share price ---		Up side	Market cap	----- PE -----			--- PBV ---		--- EV/ EBITDA --	
			Current	Target			23E	24E	25E	23E	24E	23E	24E
			(LCY)	(LCY)			(%)	(USD m)	(x)	(x)	(x)	(x)	(x)
Thailand													
Bangkok Airways	BA TB	BUY	13.70	20.00	46.0	828	21.0	17.0	15.4	1.6	1.5	18.6	17.2
Asia Aviation	AAV TB	BUY	2.70	3.70	37.0	945	27.0	21.1	18.9	3.8	3.3	7.7	7.1
Thailand average						1,773	24.0	19.1	17.2	2.7	2.4	13.1	12.2
Regional													
Spring Airlines Co Ltd-A	601021 CH	n/a	56.26	n/a	n/a	7,776	31.0	17.4	17.4	3.6	3.0	16.6	11.7
Interglobe Aviation	INDIGO IN	n/a	2,371.40	n/a	n/a	11,057	n/a	22.5	22.5	n/a	n/a	16.9	8.9
Cebu Air Inc	CEB PM	n/a	41.50	n/a	n/a	456	11.7	4.5	4.5	n/a	6.9	5.8	3.8
Singapore Airlines	SIA SP	n/a	6.37	n/a	n/a	14,000	9.5	9.6	9.6	1.2	1.2	3.7	4.0
Japan Airlines	9201 JP	n/a	2,668.00	n/a	n/a	8,338	40.9	15.8	15.8	1.4	1.3	6.8	5.3
Ana Holdings	9202 JP	n/a	3,071.00	n/a	n/a	10,632	24.2	17.0	17.0	1.7	1.5	7.5	6.5
Cathay Pacific Airways	293 HK	n/a	7.29	n/a	n/a	5,990	18.2	14.9	14.9	0.9	0.9	6.2	6.5
Spicejet (India)	SJET IN	n/a	25.78	n/a	n/a	188	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vietjet Aviation	VJC VN	n/a	98,500	n/a	n/a	2,272	85.1	46.2	46.2	n/a	n/a	34.2	22.1
Regional average						60,709	n/a	18.5	18.5	1.8	2.5	12.2	8.6
Global													
Eva Airways	2618 TT	n/a	33.55	n/a	n/a	5,875	13.7	15.5	15.5	1.8	1.9	4.9	6.4
Air New Zealand	AIR NZ	n/a	0.77	n/a	n/a	1,566	6.6	8.3	8.3	1.2	1.2	3.0	3.3
Air Arabia	AIRARABIA UH	n/a	2.29	n/a	n/a	2,910	8.5	9.0	9.0	1.6	1.5	4.5	4.5
Easyjet (UK)	EZJ LN	n/a	477.50	n/a	n/a	4,488	11.5	9.6	9.6	1.3	1.2	3.2	2.9
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	8.21	n/a	n/a	659	9.6	4.1	4.1	n/a	n/a	5.5	4.7
JetBlue Airways (US, Latin AM)	JBLU	n/a	6.83	n/a	n/a	2,226	10.0	6.2	6.2	0.6	0.5	4.0	3.1
Norwegian Air Shuttle (Norway)	NWARF US	n/a	1.13	n/a	n/a	1,058	9.5	6.6	6.6	2.1	1.5	2.9	2.5
Southwest Airlines (US)	LUV US	n/a	29.65	n/a	n/a	17,752	11.4	7.9	7.9	1.5	1.3	4.2	3.1
Global average						36,534	10.1	8.4	8.4	1.5	1.3	4.0	3.8
Overall average						99,016	20.6	14.1	13.9	1.7	1.9	8.7	6.9

Sources: Bloomberg; 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 **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. 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: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (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
Asset World Corp	AWC TB	THB 4.92	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 33.50	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	CENTEL TB	THB 49.75	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 4.18	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 3.32	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 11.90	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 14.90	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.
Airports of Thailand	AOT TB	THB 70.75	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.
Bangkok Airways	BA TB	THB 13.70	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Asia Aviation	AAV TB	THB 2.70	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; 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 30-May-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.