

# DUSIT THANI DUSIT TB

THAILAND / TOURISM &amp; LEISURE

## BUY

UNCHANGED

## One-year countdown to growth

- Expect earnings to turn around in 2023, driven by the hotel business. Food business should recover from school reopenings.
- Dusit Central Park has a positive outlook with the residential project being 62% presold; the hotel project has an upside from ADR.
- Maintain BUY with a 2023 DCF-based TP of THB18/shr.

TARGET PRICE	THB18.00
CLOSE	THB11.30
UP/DOWNSIDE	+59.3%
PRIOR TP	THB18.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+8.0%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,084	5,987	6,711	27,822
Net profit	(501)	51	245	2,475
EPS (THB)	(0.59)	0.06	0.29	2.91
vs Consensus (%)	-	(10.4)	(32.6)	0.9
EBITDA	(138)	684	1,018	4,682
Core net profit	(766)	51	245	2,475
Core EPS (THB)	(0.90)	0.06	0.29	2.91
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	378.4	911.7
Core P/E (x)	(12.5)	187.9	39.3	3.9
Dividend yield (%)	-	0.4	1.8	18.0
EV/EBITDA (x)	(156.0)	41.2	31.9	4.8
Price/book (x)	2.3	2.3	2.2	1.4
Net debt/Equity (%)	217.7	215.7	202.3	123.4
ROE (%)	(20.7)	1.2	5.7	44.7

### Expect revenue to grow by 30-35% in 2023

We attended DUSIT's analyst meeting on 15 June and have positive feedback. The organic core business already turned profitable in 1Q23, and management expects strong revenue (including other income) growth of 30-35% in 2023, relatively in line with our forecast. DUSIT plans to open one owned hotel (ASAI Bangkok Sathorn) in 2Q23 and 13 managed hotels in 2023, bringing the hotels in its portfolio to 62 in total (10 owned and 52 managed). The food business is also in recovery mode with the resumption of catering services and school reopenings, while Bonjour bakery is in expansion mode with 20 new stores in 2023.

### Dusit Central Park to open first phase in mid-2024

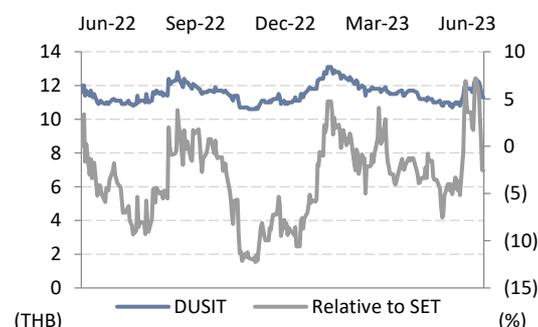
The development of the Dusit Central Park (DCP) project is on track with the hotel project scheduled to open in mid-2024, while the office building, retail building and residences should open in 2025. On another positive note, management provided an update that the presales of residential projects rose to 62% in May, and expects them to reach 70% by end-2023. In addition, management commented that there is an upside for the hotel's ADR from the initial target of THB10,000, premised on strong pent-up demand for the luxury hotel segment.

### Earnings growth to accelerate over 2023-25

We forecast a recurring core profit of THB51m in 2023, which should reach cTHB450m in 2025, consisting of cTHB200m from existing businesses and cTHB250m from the DCP project. Including one-time profit from transferring residential units, earnings should reach THB2.5b in 2025. A potential upside is its plan to spin off its food business.

### Trading at an attractive valuation

We maintain our 2023-26 earnings estimates and 2023 DCF-TP of THB18/shr, consisting of 1) a core business value of THB16.1/shr; and 2) a DCP residential project value of THB1.9/shr. DUSIT is trading at an attractive valuation of 21x 2025E P/E (based on a 2025E recurring profit of THB450m excluding residential sales). Potential share price catalysts include an upward earnings trend from a turnaround in 2023, jumping in 2024 on DCP's opening and peaking in 2025 from residential sales.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.7	(2.6)	5.6
Relative to country (%)	1.4	(2.9)	5.7
Mkt cap (USD m)	277		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	27		
Major shareholder	Chanat family account (50%)		
12m high/low (THB)	13.20/10.30		
Issued shares (m)	850.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

teerapol.udo@fssia.com

+66 2611 3535

## Investment thesis

DUSIT will open its first mixed-use project, Dusit Central Park (DCP), consisting of the new flagship hotel, luxury residences and a retail shopping centre at the prime central business district located opposite to Lumpini Park. The total project value is THB46b (THB17.3b for DUSIT's portion) and is scheduled to open in mid-2024.

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

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

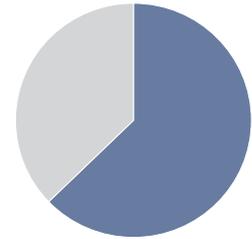
## Company profile

DUSIT operates 49 hotels and 260 villas in 18 countries with a total room count of c12,000 currently.

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

## Principal activities (revenue, 2022)

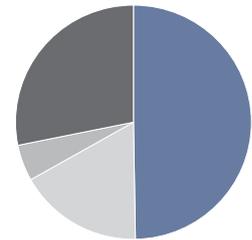
- Hotel revenue - 62.8 %
- Others - 37.2 %



Source: Dusit Thani

## Major shareholders

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



Source: Dusit Thani

## Catalysts

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

## Risks to our call

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

## Event calendar

Date	Event
Aug 2023	2Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Existing hotels - OCC rate (%)	70	74	74
Existing hotels - ADR (THB)	3,971	4,090	4,172
Food - revenue growth (%)	16	2	2
Education - revenue growth (%)	13	4	4
DCP hotel - OCC rate (%)		67	70
DCP hotel - ADR (THB)		10,182	10,487
DCP retail - OCC rate (%)		0	90
DCP retail - rental (THB/sqm/month)		0	2,098

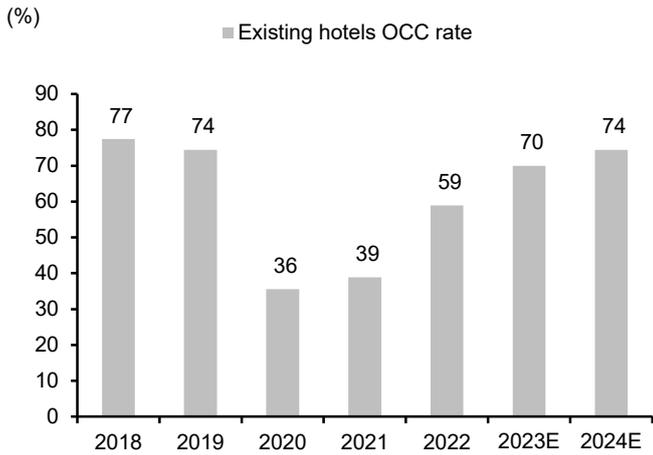
Source: FSSIA estimates

## Earnings sensitivity

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

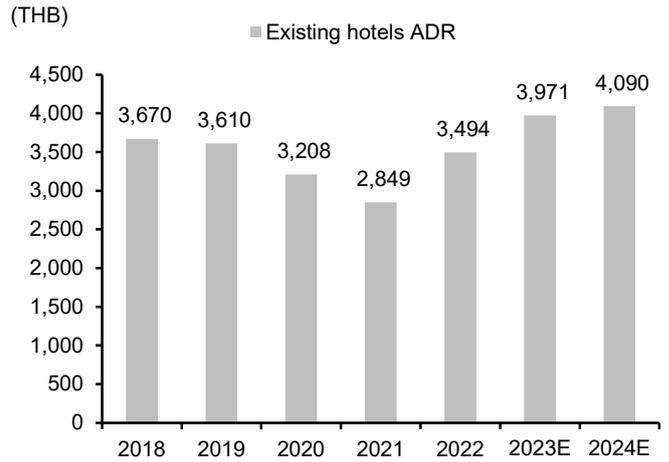
Source: FSSIA estimates

**Exhibit 1: Existing owned hotels OCC rate, yearly**



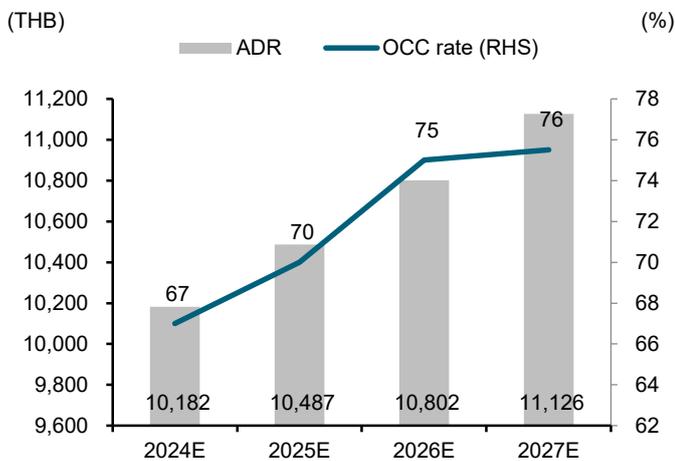
Sources: DUSIT; FSSIA estimates

**Exhibit 2: Existing owned hotels ADR, yearly**



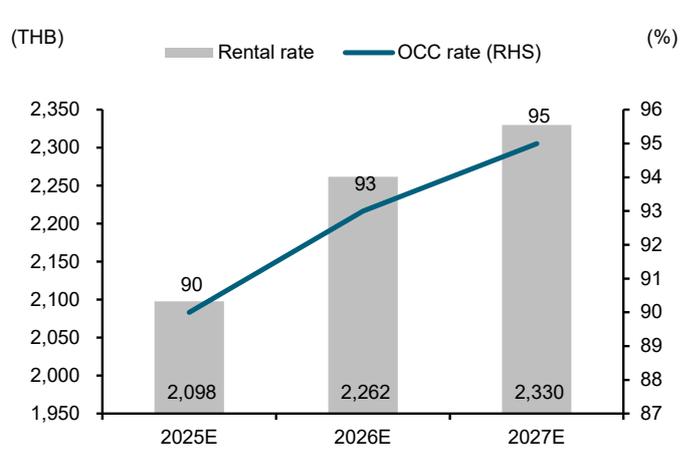
Sources: DUSIT; FSSIA estimates

**Exhibit 3: DCP hotel project key assumptions**



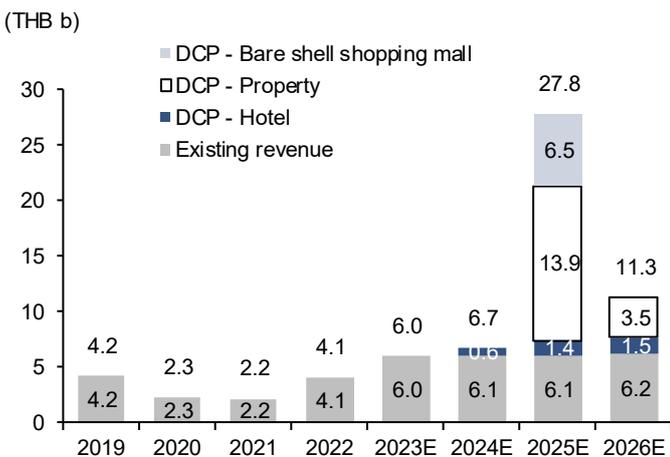
Sources: DUSIT; FSSIA estimates

**Exhibit 4: DCP shopping mall project key assumptions**



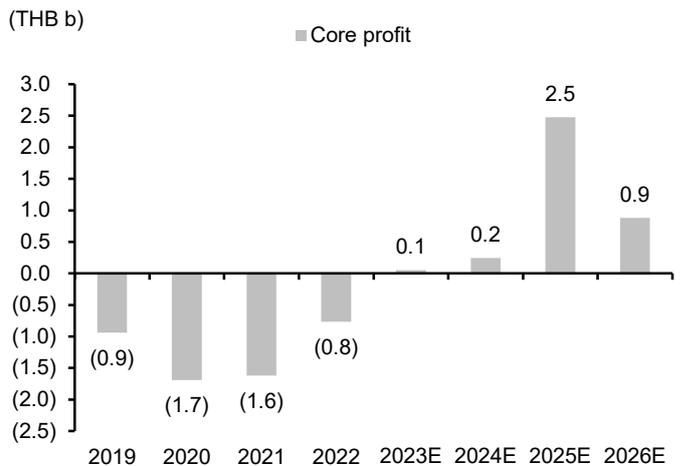
Sources: DUSIT; FSSIA estimates

**Exhibit 5: Revenue forecast**



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

**Exhibit 6: Core profit forecast**



Sources: DUSIT; FSSIA estimates

**Exhibit 7: Comparison of DCP project and old flagship hotel**

	DCP project (THB m)	DCP project (DUSIT's portion) (THB m)	Old Dusit Thani Bangkok in 2018 (THB m)
<b>Hotel in 2025E</b>			
OCC rate (%)	70	70	77
ADR (THB)	10,487	10,487	3,150
Revenue	1,381	967	840
EBITDA	373	261	180
Net profit	152	106	n/a
<b>Residential in 2025-26E</b>			
Revenue for residential business	17,414	12,190	-
Net profit for residential units	3,483	2,438	-
<b>Shopping Mall in 2025E</b>			
OCC rate	90	90	-
Rental rate	2,098	2,098	-
Revenue	972	146	-
Net profit	304	46	-
<b>Hotel Management fee/Brand Loyalty fee</b>	-	84	-

Sources: DUSIT; FSSIA estimates

## Recap: 1Q23 results

DUSIT booked a core profit of THB8m in 1Q23 (vs a THB34m core loss in 4Q22), the first turnaround since the Covid pandemic began. The turnaround was driven mainly by the hotel business.

### **Hotel business**

Hotel revenue grew by 9% q-q. Owned hotel revenue grew by 9% q-q, driven mainly by Thai hotels, especially hotels in Phuket, Hua Hin and Pattaya. 1Q23 RevPAR grew by 20% q-q with an OCC rate of 75% (vs 69% in 4Q22). Revenue from hotel management also improved by 7% q-q due to an increase in the revenue from Elite Havens.

The 1Q23 hotel EBITDA margin improved to 34% (vs 32% in 4Q22).

### **Other businesses**

Education business revenue fell 18% q-q in the quarter due to the semester break for Dusit Thani College. As a result, the education business booked 1Q23 EBITDA of THB12m (vs THB47m in 4Q22).

Food business revenue grew by 5% q-q in 1Q23 due to higher student numbers at Epicure Catering and The Caterers. The food business booked EBITDA of THB44m in 1Q23 (vs THB26m in 4Q22) thanks to Bonjour's operations and the catering business.

DUSIT booked less property business revenue at THB14m in 1Q23 (vs THB64m in 4Q22) due to a decrease in the number of units transferred for the Hampton project (JV with Origin Property (ORI TB, BUY)).

### **Overall**

EBITDA grew by 2% q-q in 1Q23 to THB353m, with an EBITDA margin of 23% (vs 26% in 4Q22), mainly due to the improvement of the hotel business.

## Exhibit 8: 1Q23 results review

FY ending Dec	1Q22	2Q22	3Q22	4Q22	1Q23	----- Change -----		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	857	881	1,002	1,344	1,472	10	72	5,987
COGS (incl depreciation)	(618)	(646)	(722)	(864)	(897)	4	45	(3,611)
<b>Gross profit</b>	<b>239</b>	<b>234</b>	<b>280</b>	<b>480</b>	<b>575</b>	<b>20</b>	<b>141</b>	<b>2,376</b>
SG&A	(502)	(574)	(582)	(647)	(685)	6	36	(2,651)
<b>Operating profit</b>	<b>(263)</b>	<b>(340)</b>	<b>(302)</b>	<b>(167)</b>	<b>(110)</b>	<b>34</b>	<b>58</b>	<b>(275)</b>
Dividend income	0	0	0	0	0			0
Management service income	42	37	81	247	160	(35)	286	520
Interest income	2	3	3	4	5	14	119	21
Realised income from deferred rental revenue	6	6	6	7	7	3	8	26
Other income	41	69	95	1	44	2,922	6	264
Interest expenses	(123)	(123)	(124)	(122)	(124)	2	1	(517)
<b>Pretax profit</b>	<b>(295)</b>	<b>(348)</b>	<b>(241)</b>	<b>(30)</b>	<b>(18)</b>	<b>39</b>	<b>94</b>	<b>38</b>
Income Tax	2	23	22	(11)	1	(110)	(36)	0
Associates	17	15	16	19	28	45	63	60
Minority interest	17	18	23	(12)	(3)	(77)	(116)	(47)
<b>Core profit</b>	<b>(259)</b>	<b>(292)</b>	<b>(180)</b>	<b>(34)</b>	<b>8</b>	<b>123</b>	<b>103</b>	<b>51</b>
Extraordinaries, GW & FX	130	34	19	81	1			0
- Gain on sale of other long-term investments	131	0	0	0	0			
- Gain on measurement of other financial assets	32	(3)	1	1	1			
- Others	(33)	37	18	79	0			
<b>Reported net profit</b>	<b>(129)</b>	<b>(258)</b>	<b>(161)</b>	<b>46</b>	<b>9</b>	<b>(81)</b>	<b>107</b>	<b>51</b>
Outstanding shares (m)	850	850	850	850	850	0	0	850
<b>Core EPS (THB)</b>	<b>(0.30)</b>	<b>(0.34)</b>	<b>(0.21)</b>	<b>(0.04)</b>	<b>0.01</b>	<b>123</b>	<b>103</b>	<b>0.06</b>
<b>EPS (THB)</b>	<b>(0.15)</b>	<b>(0.30)</b>	<b>(0.19)</b>	<b>0.05</b>	<b>0.01</b>	<b>(81)</b>	<b>107</b>	<b>0.06</b>
COGS excl. depreciation	(387)	(417)	(483)	(631)	(678)	7	75	(2,652)
Depreciation	(232)	(230)	(239)	(234)	(219)	(6)	(5)	(959)
EBITDA	77	20	138	345	353	2	359	1,574
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	28	27	28	36	39	8	15	40
SG&A/Revenue	59	65	58	48	47	(10)	(20)	44
EBITDA margin	9	2	13	26	23	13	23	25
Net profit margin	(15)	(29)	(16)	3	1	20	49	1
<b>Operating stats</b>								
Hotel revenue growth y-y (%)	45	112	107	69	88			
Education revenue growth y-y (%)	21	57	(73)	72	(6)			
Foods revenue growth y-y (%)	(11)	211	3,867	382	116			
Occupancy (%)	47	58	62	69	75			
ADR (THB/night)	3,887	3,041	3,057	3,989	4,413			
RevPar (THB/night)	1,833	1,751	1,885	2,753	3,289			

Sources: DUSIT; 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	1.3		
Cost of equity, Ke	13.4	Net cost of debt, Kd	2.8
Weight applied	50.0	Weight applied	50.0
WACC	8.1		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	9.0	10.5	WACC 8.1%, risk-free rate 3%, risk premium 8%
Terminal value	21.2	25.0	Terminal growth 3%
DCP residential business	1.6	1.9	Project value of THB17.0b with EBITDA margin of 30-35% / DUSIT holds 60%
Cash & liquid assets	0.1	0.1	At end-2023E
Investments	2.1	2.4	At end-2023E
Debt	(15.6)	(18.4)	At end-2023E
Minorities	(3.0)	(3.6)	At end-2023E
<b>Residual ordinary equity</b>	<b>15.3</b>	<b>18.0</b>	

Sources: FSSIA estimates

## Exhibit 10: Peers comparison as of 16 June 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)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	4.88	6.8	39	4,505	74.1	42.4	38.1	2.5	4.1	1.8	1.7	39.3	28.6
Minor International	MINT TB	BUY	34.75	40	15	5,482	36.4	28.4	25.0	7.0	9.2	2.3	3.0	11.1	11.1
Central Plaza Hotel	CENDEL TB	BUY	48.75	58	19	1,898	30.8	25.1	23.4	10.9	12.2	3.2	2.9	14.8	12.8
Erawan Group	ERW TB	BUY	4.72	5.5	17	617	40.1	37.8	32.5	8.9	8.8	3.4	3.0	16.6	15.4
S Hotels & Resorts	SHR TB	BUY	3.56	5.2	46	369	31.9	18.9	16.4	2.5	4.1	0.8	0.8	9.0	7.6
Dusit Thani	DUSIT TB	BUY	11.3	18	59	277	187.9	39.3	3.9	1.2	5.7	2.3	2.2	41.2	31.9
Bound and Beyond	BEYOND TB	BUY	14.3	24	68	120	56.7	17.3	13.7	1.3	4.0	0.7	0.7	12.2	9.2
<b>Thailand average</b>						<b>13,268</b>	<b>65.4</b>	<b>29.9</b>	<b>21.9</b>	<b>4.9</b>	<b>6.9</b>	<b>2.1</b>	<b>2.0</b>	<b>20.6</b>	<b>16.7</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	20.64	n/a	n/a	3,227	28.5	20.1	16.8	7.3	9.6	2.0	1.9	12.8	10.6
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.90	n/a	n/a	6,498	9.6	6.6	5.5	8.5	11.3	0.8	0.7	15.3	11.9
Huangshan Tourism Develop	900942 CH	n/a	0.76	n/a	n/a	1,124	13.7	10.5	9.2	6.7	8.2	0.9	0.9	12.0	10.3
Genting Bhd	GENT MK	n/a	4.16	n/a	n/a	3,461	14.6	10.6	9.1	3.7	4.6	0.5	0.5	6.5	5.9
Greentree Hospitality	GHG US	n/a	4.44	n/a	n/a	454	9.8	6.3	n/a	19.1	25.0	1.7	1.5	5.5	3.8
Huazhu Group	HTHT US	n/a	43.00	n/a	n/a	13,704	31.0	26.3	22.3	27.4	24.9	8.5	6.7	17.5	14.6
Indian Hotels	IH IN	n/a	403.25	n/a	n/a	6,850	60.9	44.4	37.5	12.6	14.0	7.1	6.3	32.6	27.7
Lemon Tree Hotels	LEMONTRE IN	n/a	91.95	n/a	n/a	915	65.0	46.0	26.6	13.0	14.5	8.2	6.8	23.7	19.7
Lippo Karawaci	LPKR IJ	n/a	94.00	n/a	n/a	444	4.0	4.7	3.9	2.0	7.4	0.4	0.4	7.9	6.8
<b>Regional average</b>						<b>36,677</b>	<b>26.4</b>	<b>19.5</b>	<b>16.4</b>	<b>10.1</b>	<b>12.4</b>	<b>3.4</b>	<b>2.8</b>	<b>14.9</b>	<b>12.4</b>
<b>Overall average</b>						<b>49,945</b>	<b>43.4</b>	<b>24.0</b>	<b>18.9</b>	<b>8.0</b>	<b>10.1</b>	<b>2.8</b>	<b>2.5</b>	<b>17.4</b>	<b>14.2</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

Dusit Thani

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,194	4,084	5,987	6,711	27,822
Cost of goods sold	(2,044)	(2,851)	(3,611)	(3,958)	(19,303)
<b>Gross profit</b>	<b>151</b>	<b>1,233</b>	<b>2,376</b>	<b>2,753</b>	<b>8,519</b>
Other operating income	-	-	-	-	-
Operating costs	(1,825)	(2,305)	(2,651)	(2,886)	(5,155)
<b>Operating EBITDA</b>	<b>(734)</b>	<b>(138)</b>	<b>684</b>	<b>1,018</b>	<b>4,682</b>
Depreciation	(940)	(934)	(959)	(1,152)	(1,318)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(1,674)</b>	<b>(1,072)</b>	<b>(275)</b>	<b>(134)</b>	<b>3,364</b>
Net financing costs	(459)	(481)	(496)	(513)	(450)
Associates	16	67	60	63	112
Recurring non-operating income	456	706	869	938	1,074
Non-recurring items	677	264	0	0	0
<b>Profit before tax</b>	<b>(1,000)</b>	<b>(583)</b>	<b>98</b>	<b>292</b>	<b>3,989</b>
Tax	(24)	36	0	0	(582)
<b>Profit after tax</b>	<b>(1,024)</b>	<b>(547)</b>	<b>98</b>	<b>292</b>	<b>3,407</b>
Minority interests	79	46	(47)	(47)	(933)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(945)</b>	<b>(501)</b>	<b>51</b>	<b>245</b>	<b>2,475</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(677)</b>	<b>(264)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(1,622)</b>	<b>(766)</b>	<b>51</b>	<b>245</b>	<b>2,475</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.91)	(0.90)	0.06	0.29	2.91
Reported EPS	(1.11)	(0.59)	0.06	0.29	2.91
DPS	0.00	0.00	0.04	0.20	2.04
Diluted shares (used to calculate per share data)	850	850	850	850	850
<b>Growth</b>					
Revenue (%)	(3.4)	86.1	46.6	12.1	314.6
Operating EBITDA (%)	nm	nm	nm	48.9	359.8
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	378.4	911.7
Reported EPS (%)	nm	nm	nm	378.4	911.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	6.9	30.2	39.7	41.0	30.6
Gross margin exc. depreciation (%)	49.7	53.1	55.7	58.2	35.4
Operating EBITDA margin (%)	(33.4)	(3.4)	11.4	15.2	16.8
Operating EBIT margin (%)	(76.3)	(26.3)	(4.6)	(2.0)	12.1
Net margin (%)	(73.9)	(18.8)	0.9	3.6	8.9
Effective tax rate (%)	(1.4)	3.9	0.0	0.0	15.0
Dividend payout on recurring profit (%)	-	-	70.0	70.0	70.0
Interest cover (X)	(2.7)	(0.8)	1.2	1.6	9.9
Inventory days	20.7	16.5	372.6	914.1	122.5
Debtor days	90.8	43.4	32.5	29.0	7.0
Creditor days	414.8	289.9	228.3	186.5	30.0
Operating ROIC (%)	(10.5)	(6.1)	(1.4)	(0.5)	12.2
ROIC (%)	(6.0)	(1.6)	2.4	2.6	12.9
ROE (%)	(43.1)	(20.7)	1.2	5.7	44.7
ROA (%)	(5.3)	(1.4)	2.1	2.4	11.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	1,145	2,563	3,719	4,591	19,403
Others	1,049	1,520	2,267	2,120	8,420

Sources: Dusit Thani; FSSIA estimates

## Financial Statements

Dusit Thani

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,622)	(766)	51	245	2,475
Depreciation	940	934	959	1,152	1,318
Associates & minorities	-	-	-	-	-
Other non-cash items	1,639	1,505	47	47	933
Change in working capital	(165)	583	(5,435)	(3,244)	7,974
<b>Cash flow from operations</b>	<b>793</b>	<b>2,257</b>	<b>(4,378)</b>	<b>(1,801)</b>	<b>12,698</b>
Capex - maintenance	(1,543)	(2,094)	(1,943)	(1,945)	(1,033)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(71)	91	(294)	(441)	(441)
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,613)</b>	<b>(2,003)</b>	<b>(2,237)</b>	<b>(2,386)</b>	<b>(1,474)</b>
Dividends paid	(9)	(24)	0	(36)	(171)
Equity finance	0	0	0	0	0
Debt finance	672	(1,127)	2,500	3,000	(7,000)
Other financing cash flows	(52)	1,830	2,061	1,545	(3,555)
<b>Cash flow from financing</b>	<b>610</b>	<b>679</b>	<b>4,561</b>	<b>4,509</b>	<b>(10,726)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(210)</b>	<b>933</b>	<b>(2,054)</b>	<b>322</b>	<b>498</b>
Free cash flow to firm (FCFF)	(351.20)	745.94	(6,097.45)	(3,673.22)	11,678.04
Free cash flow to equity (FCFE)	(200.88)	956.34	(2,054.31)	358.14	669.65

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(0.41)	0.88	(7.17)	(4.32)	13.74
FCFE per share	(0.24)	1.13	(2.42)	0.42	0.79
Recurring cash flow per share	1.13	1.97	1.24	1.70	5.56

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	22,008	23,625	25,568	27,513	28,546
Less: Accumulated depreciation	(5,147)	(5,604)	(6,563)	(7,715)	(9,033)
<b>Tangible fixed assets (net)</b>	<b>16,861</b>	<b>18,021</b>	<b>19,005</b>	<b>19,798</b>	<b>19,514</b>
<b>Intangible fixed assets (net)</b>	<b>652</b>	<b>971</b>	<b>971</b>	<b>971</b>	<b>971</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,851	1,761	2,055	2,496	2,937
Cash & equivalents	1,210	2,143	89	411	909
A/C receivable	438	534	534	534	534
Inventories	65	109	5,306	8,751	3,325
Other current assets	490	614	806	774	803
<b>Current assets</b>	<b>2,203</b>	<b>3,399</b>	<b>6,734</b>	<b>10,470</b>	<b>5,571</b>
Other assets	2,217	2,077	2,077	2,077	2,077
<b>Total assets</b>	<b>23,784</b>	<b>26,229</b>	<b>30,842</b>	<b>35,812</b>	<b>31,070</b>
Common equity	3,287	4,121	4,173	4,381	6,685
Minorities etc.	607	923	3,031	4,623	2,001
<b>Total shareholders' equity</b>	<b>3,895</b>	<b>5,045</b>	<b>7,203</b>	<b>9,004</b>	<b>8,686</b>
Long term debt	12,970	11,999	14,499	17,499	10,499
Other long-term liabilities	4,317	5,892	5,892	5,892	5,892
<b>Long-term liabilities</b>	<b>17,287</b>	<b>17,891</b>	<b>20,391</b>	<b>23,391</b>	<b>16,391</b>
A/C payable	1,121	1,924	1,394	1,475	1,478
Short term debt	1,281	1,125	1,125	1,125	1,125
Other current liabilities	201	245	729	818	3,390
<b>Current liabilities</b>	<b>2,603</b>	<b>3,294</b>	<b>3,248</b>	<b>3,417</b>	<b>5,993</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,784</b>	<b>26,229</b>	<b>30,842</b>	<b>35,812</b>	<b>31,070</b>
Net working capital	(330)	(913)	4,522	7,766	(207)
Invested capital	21,252	21,917	28,630	33,109	25,292

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	3.87	4.85	4.91	5.15	7.86
Tangible book value per share	3.10	3.71	3.77	4.01	6.72

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	334.8	217.7	215.7	202.3	123.4
Net debt/total assets (%)	54.8	41.9	50.4	50.9	34.5
Current ratio (x)	0.8	1.0	2.1	3.1	0.9
CF interest cover (x)	0.6	3.0	(3.1)	1.7	2.5

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>(5.9)</b>	<b>(12.5)</b>	<b>187.9</b>	<b>39.3</b>	<b>3.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(9.4)</b>	<b>(20.0)</b>	<b>299.3</b>	<b>62.6</b>	<b>6.2</b>
Reported P/E (x)	(10.2)	(19.2)	187.9	39.3	3.9
Dividend yield (%)	-	-	0.4	1.8	18.0
Price/book (x)	2.9	2.3	2.3	2.2	1.4
Price/tangible book (x)	3.6	3.0	3.0	2.8	1.7
EV/EBITDA (x) **	(31.7)	(156.0)	41.2	31.9	4.8
EV/EBITDA @ target price (x) **	(39.4)	(197.3)	49.5	37.5	6.0
EV/invested capital (x)	1.1	1.0	1.0	1.0	0.9

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

Sources: Dusit Thani; 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)<sup>1</sup>

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)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> 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 Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

<sup>5</sup> 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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Dusit Thani	DUSIT TB	THB 11.30	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 4.88	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 34.75	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 48.75	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 4.72	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 3.56	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 14.30	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.
Origin Property	ORI TB	THB 11.10	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

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 16-Jun-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.