

BOUND AND BEYOND BEYOND TB

THAILAND / TOURISM & LEISURE

BUY

UNCHANGED

Looking beyond the low season

- Expect 2Q23 core loss of THB53m due to low seasonal effect, but should book gain of THB200m-300m from land divestment in 2Q23.
- Operations to improve in 3Q23, led by strong recovery of Chinese tourists, which are currently the top hotel revenue contributors.
- Maintain BUY with a 2024 DCF-derived TP of THB24/shr.

TARGET PRICE	THB24.00
CLOSE	THB13.10
UP/DOWNSIDE	+83.2%
PRIOR TP	THB24.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	2,148	3,116	3,567	3,811
Net profit	(342)	275	236	301
EPS (THB)	(1.18)	0.95	0.76	0.97
vs Consensus (%)	-	280.0	(8.4)	(6.7)
EBITDA	128	704	941	1,032
Core net profit	(441)	25	236	301
Core EPS (THB)	(1.53)	0.08	0.76	0.97
Chg. In EPS est. (%)	nm	(68.2)	(8.0)	(6.8)
EPS growth (%)	nm	nm	848.2	27.7
Core P/E (x)	(8.6)	163.3	17.2	13.5
Dividend yield (%)	-	-	2.9	3.7
EV/EBITDA (x)	72.1	12.4	8.8	7.7
Price/book (x)	0.6	0.6	0.6	0.6
Net debt/Equity (%)	89.3	77.3	62.3	54.8
ROE (%)	(7.0)	0.4	3.6	4.4

2Q23 RevPAR should drop by 12% q-q, but jump 130% y-y

We expect the 2Q23 OCC rate to decline to 50% (vs 53% in 1Q23) and ADR to decline by 12% q-q to cTHB18,000, mainly due to the low seasonal effect. As a result, RevPAR should drop by 17% q-q in 2Q23, but it should jump by 130% y-y. Overall, we estimate 2Q23 revenue to drop by 17% q-q and the EBITDA margin to shrink to 18% (vs 24% in 1Q23), leading to a core loss of THB53m (vs a THB17m core profit in 1Q23 and a THB184m core loss in 2Q22).

Selling Rayong land with a total value of cTHB500m

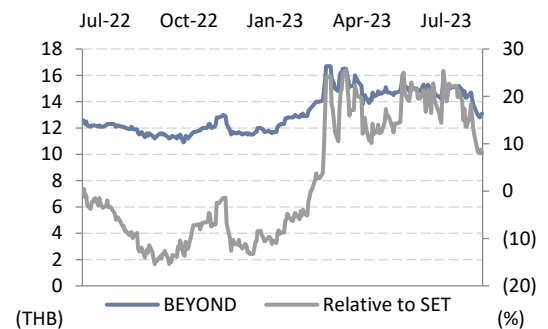
Amid the weak 2Q23E core profit, we expect BEYOND to complete the divestment of its Rayong land with a total value of cTHB500m. It should book a gain of THB200m-300m in 2Q23. As a result, we estimate a 2Q23 net profit of THB197m. This is positive for BEYOND via unlocking its asset value. It plans to use the proceeds for new projects related to experience-based hotels and resorts; likely to be announced in 2H23.

RevPAR growth to resume in 2H23

We expect 2Q23 earnings should mark the bottom of this year and expect RevPAR to recover in 3Q23, led by Chinese tourist arrivals which should accelerate during the school holiday period in Jul-Aug. The OCC rate should recover to 52-55%, while ADR should improve to THB19,000-20,000 in 3Q23. Chinese guests have become the top ranked in terms of hotel room revenue and contributed c20% in 1H23, significantly up from 6% in 2022. The remaining top contributors are guests from Korea (14%), the US (13%) and Thailand (10%).

Revise down 2023E core profit, but revise up net profit

We revise down our 2023E core profit to THB25m from THB78m, as we revise down our 2023E tourist arrivals to 30m (from 34m). However, we revise up 2023E net profit to THB275m to reflect the gain from the land divestment. We trim our 2024-25E core profit by 7-8% to reflect higher fixed costs. We also roll forward our DCF valuation base to 2024 and maintain our TP of THB24/shr. BEYOND is trading at cheap valuations of 17.2x 2024 P/E and 0.6x P/BV; lower than its peers' averages of 29.7x and 2.0x, respectively. In our view, the weak share price is a buying opportunity to capture the strong 2H23E earnings recovery.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.8)	(10.3)	2.3
Relative to country (%)	(12.1)	(3.9)	6.8
Mkt cap (USD m)	107		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	50		
Major shareholder	Country Group Holding PCL (39%)		
12m high/low (THB)	17.30/10.90		
Issued shares (m)	309.82		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

BEYOND transformed its business focus from energy to hospitality during the Covid pandemic and is now in a strong position to benefit from Thailand's tourism recovery.

We expect Thailand's tourist arrival numbers to recover significantly in 2023-24, especially in the high-spending segment, which should directly benefit BEYOND's luxury hotels. According to CBRE, luxury hotels accounted for 17% of the total hotel supply in Bangkok, and riverfront hotels only made up 7% as of 3Q22.

We expect BEYOND's earnings to rebound in 2023 and deliver strong growth over 2024-25, as its EBITDA margin improves from its high operating leverage structure. In addition, its interest expenses should gradually decline thanks to its strong cash flow and low levels of maintenance CAPEX.

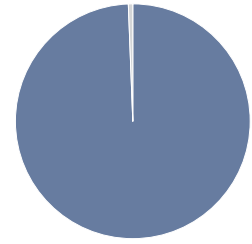
Company profile

BEYOND owns and operates two ultra-luxury hotels, Four Seasons Hotel Bangkok and Capella Bangkok, with 400 rooms total, situated along the Chao Phraya River.

www.boundandbeyond.co.th

Principal activities (revenue, 2022)

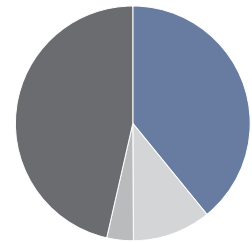
- Hotel revenue - 99.4 %
- Revenue from sales and services - 0.6 %



Source: Bound and Beyond

Major shareholders

- Country Group Holding PCL - 39.1 %
- Kingdom of Thailand Ministry of Finance - 10.8 %
- Supachai Weeraborwornpong - 3.7 %
- Others - 46.4 %



Source: Bound and Beyond

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the global tourism recovery; 2) strong pent-up demand, which should drive ADR; and 3) new project announcements.

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
OCC rate (%)	55	63	66
ADR (THB)	19,052	19,433	19,821
RevPAR growth (%)	88	17	7
EBITDA margin (%)	23	26	27

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2024 profit increase of 7%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2024 profit increase of 11%, and vice versa, all else being equal.

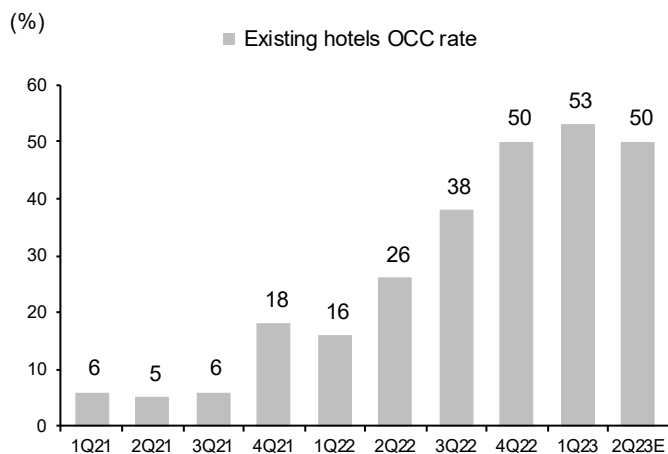
Source: FSSIA estimates

Exhibit 1: 2Q23 results preview

FY ending Dec	2Q22	3Q22	4Q22	1Q23	2Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	448	530	839	815	674	(17)	50	3,116
COGS (incl depreciation)	(358)	(398)	(530)	(488)	(440)	(10)	23	(1,930)
Gross profit	91	132	309	327	235	(28)	159	1,185
SG&A	(166)	(192)	(215)	(205)	(188)	(8)	13	(787)
Operating profit	(76)	(60)	94	122	46	(62)	(161)	398
Dividend income	0	0	0	0	0			0
Interest income	1	1	2	1	1	0	(24)	5
Other income	2	0	4	2	2	0	(27)	10
Interest expenses	(123)	(98)	(100)	(102)	(102)	0	(17)	(385)
Pretax profit	(195)	(157)	0	23	(53)	(331)	(73)	28
Income Tax	11	1	76	(6)	0	(100)	(100)	(3)
Associates	(0)	(0)	(0)	(0)	0	(100)	(100)	(0)
Minority interest	0	0	0	0	0			0
Core profit	(184)	(156)	76	17	(53)	(412)	(71)	25
Extraordinaries, GW & FX	1	11	13	0	250			250
Reported net profit	(183)	(145)	89	17	197	1,057	(208)	275
Outstanding shares (m)	289	289	289	289	289	0	0	289
Core EPS (THB)	(0.64)	(0.54)	0.26	0.06	(0.18)	(412)	(71)	0.09
EPS (THB)	(0.63)	(0.50)	0.31	0.06	0.68	1,057	(208)	0.95
COGS excl. depreciation	(282)	(322)	(454)	(412)	(363)	(12)	29	(1,624)
Depreciation	(76)	(76)	(76)	(76)	(76)	0	1	(306)
EBITDA	(0)	15	170	198	122	(38)	nm	704
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	20	25	37	40	35	(5)	15	38
SG&A/Revenue	37	36	26	25	28	3	(9)	25
EBITDA margin	(0)	3	20	24	18	(6)	18	23
Net profit margin	(41)	(27)	11	2	29	27	70	9
Operating stats								
Occupancy (%)	26	38	50	53	50			
ADR (THB/night)	14,866	15,742	19,656	20,495	18,000			
RevPar (THB/night)	3,890	6,020	9,828	10,862	9,000			

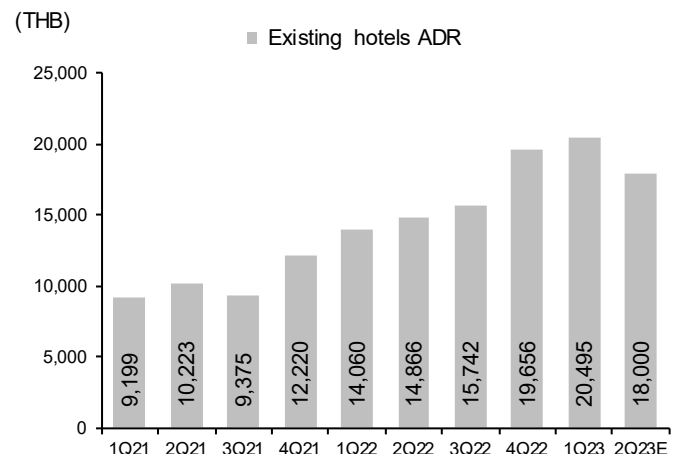
Sources: BEYOND; FSSIA estimates

Exhibit 2: OCC rate (quarterly)



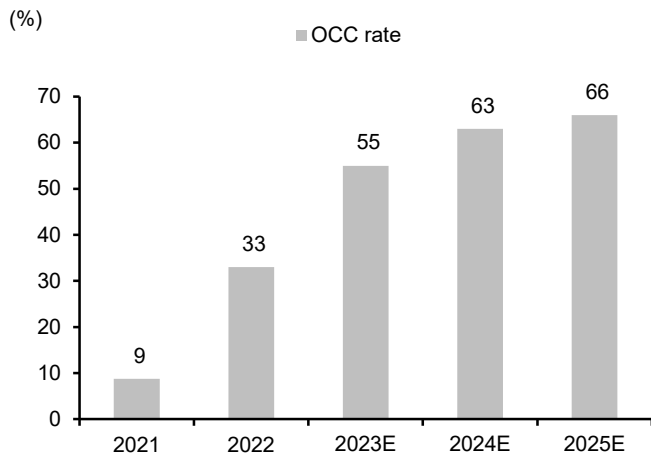
Sources: BEYOND; FSSIA estimate

Exhibit 3: ADR (quarterly)



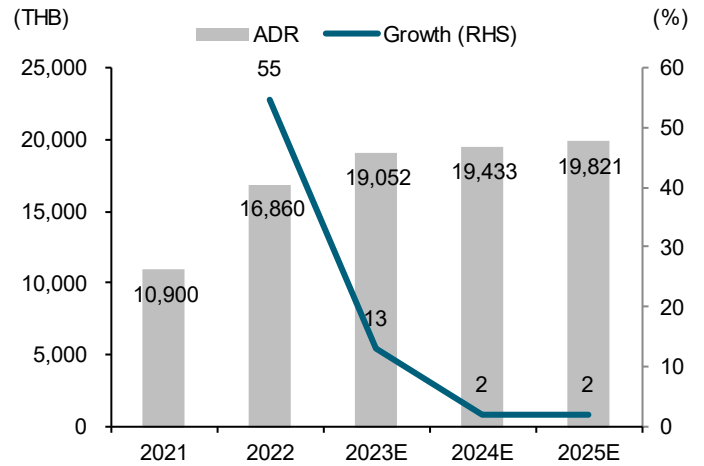
Sources: BEYOND; FSSIA estimate

Exhibit 4: OCC rate, yearly



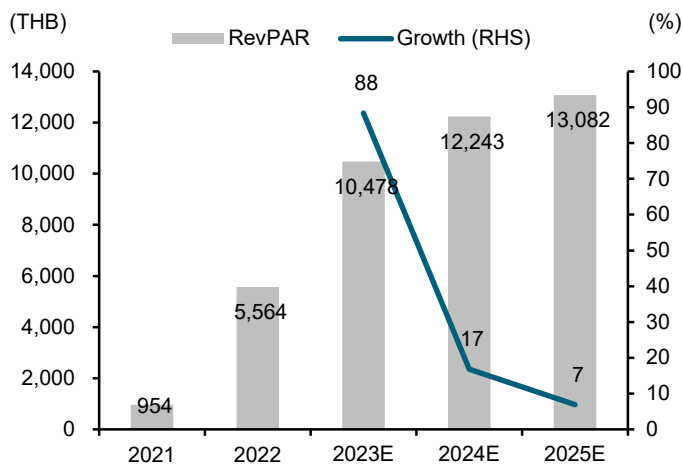
Sources: BEYOND; FSSIA estimates

Exhibit 5: ADR yearly



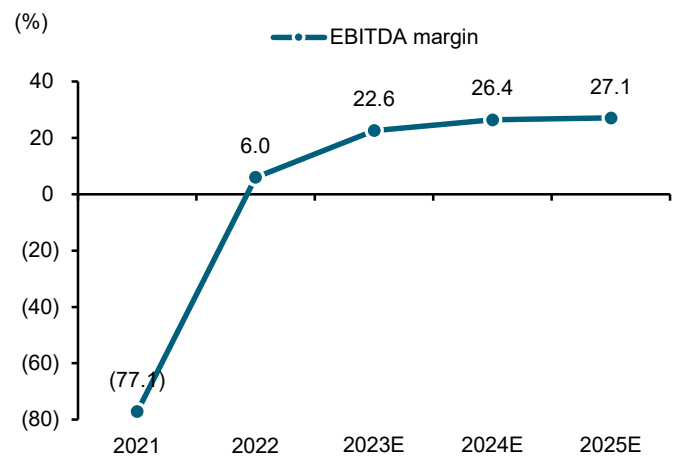
Sources: BEYOND; FSSIA estimates

Exhibit 6: RevPAR, yearly



Sources: BEYOND; FSSIA estimates

Exhibit 7: EBITDA margin



Sources: BEYOND; FSSIA estimates

Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Revenue	3,116	3,567	3,811	2,951	3,405	3,718	6	5	2
EBITDA margin (%)	22.6	26.4	27.1	25.9	28.4	28.5	(3)	(2)	(1)
Core profit	25	236	301	78	256	323	(68)	(8)	(7)
Net profit	275	236	301	78	256	323	252	(8)	(7)
Key assumptions									
OCC rate (%)	55	63	66	55	64	68	0	(1)	(2)
ADR (THB)	19,052	19,433	19,821	18,040	18,401	18,769	6	6	6

Sources: FSSIA estimates

Exhibit 9: DCF-derived TP

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	1.5		
Cost of equity, Ke	15.2	Net cost of debt, Kd	2.8
Weight applied	55.0	Weight applied	4.5
WACC	9.6		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	5.2	16.9	WACC 9.6%, Risk-free rate 3%, Risk premium 8%
Terminal value	5.1	16.6	Terminal growth 3%
Cash & liquid assets	1.3	4.2	At end-2024E
Investments	0.3	0.9	At end-2024E
Land for sales	1.3	4.1	Based on appraisal value of THB1.6b with 20% discount
Debt	(5.8)	(18.8)	At end-2024E
Minorities	0.0	0.0	At end-2024E
Residual ordinary equity	7.4	24.0	

Source: FSSIA estimates

Exhibit 10: Net asset value (NAV)

Cost approach	(THB b)	Note
Total replacement cost	8.6	Based on IFA dated 2 Sep 2021
Add : Leasehold rights of land	2.5	Based on IFA dated 2 Sep 2021
Add : Land (Tak and Rayong)	1.6	Based on appraisal value
Add : Cash and cash equivalents	0.7	As of 1Q23
Less: Interest bearing debt	(5.8)	As of 1Q23
Less: Minorities	0.0	As of 1Q23
Net value	7.5	
No of shares (m)	309.8	
FV per share	24.3	

Source: FSSIA estimates

Exhibit 11: Peer comparisons as of 30 June 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	4.94	6.80	38	4,461	75.0	42.9	38.6	2.5	4.1	1.8	1.7	39.7	28.8
Minor International	MINT TB	BUY	34.25	40.00	17	5,286	35.9	28.0	24.7	7.0	9.2	2.2	2.9	11.0	11.1
Central Plaza Hotel	CENDEL TB	BUY	49.50	58.00	17	1,886	31.3	25.5	23.8	10.9	12.2	3.2	3.0	15.0	12.9
Erawan Group	ERW TB	BUY	4.82	5.50	14	616	41.0	38.6	33.2	8.9	8.8	3.5	3.1	16.8	15.7
S Hotels & Resorts	SHR TB	BUY	3.16	5.20	65	320	28.3	16.8	14.6	2.5	4.1	0.7	0.7	8.4	7.1
Dusit Thani	DUSIT TB	BUY	11.30	18.00	59	271	187.9	39.3	3.9	1.2	5.7	2.3	2.2	41.2	31.9
Bound and Beyond	BEYOND TB	BUY	13.10	24.00	83	107	163.3	17.2	13.5	0.4	3.6	0.6	0.6	12.4	8.8
Thailand average						12,948	80.4	29.7	21.7	4.8	6.8	2.1	2.0	20.6	16.6
Regional															
Btg Hotels Group	600258 CH	n/a	18.95	n/a	n/a	2,923	26.2	18.6	15.4	7.1	9.6	1.9	1.7	12.4	10.1
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.82	n/a	n/a	5,619	9.5	6.5	5.4	8.4	11.2	0.8	0.7	14.8	11.8
Huangshan Tourism Dev.	900942 CH	n/a	0.75	n/a	n/a	1,068	13.4	10.3	9.0	6.7	8.2	0.9	0.9	11.5	9.8
Genting Bhd	GENT MK	n/a	4.06	n/a	n/a	3,351	14.9	10.4	9.0	3.9	4.7	0.5	0.5	6.2	5.6
Huazhu Group	HTHT US	n/a	38.78	n/a	n/a	12,359	28.1	23.2	19.3	27.5	24.7	7.8	6.1	16.0	13.4
Indian Hotels	IH IN	n/a	392.50	n/a	n/a	6,795	60.6	44.0	37.2	12.6	14.1	7.1	6.2	32.4	27.5
Lemon Tree Hotels	LEMONTRE IN	n/a	93.70	n/a	n/a	905	64.4	45.6	26.3	13.0	15.0	8.1	6.8	23.5	19.6
Lippo Karawaci	LPKR IJ	n/a	93.00	n/a	n/a	439	4.0	4.7	3.8	2.0	7.4	0.4	0.4	7.8	6.8
Regional average						33,458	27.6	20.4	15.7	10.2	11.9	3.4	2.9	15.6	13.1
Overall average						46,406	52.2	24.8	18.5	7.7	9.5	2.8	2.5	17.9	14.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Bound and Beyond

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	222	2,148	3,116	3,567	3,811
Cost of goods sold	(209)	(1,607)	(1,930)	(2,096)	(2,210)
Gross profit	12	541	1,185	1,471	1,601
Other operating income	-	-	-	-	-
Operating costs	(242)	(716)	(787)	(839)	(885)
Operating EBITDA	(171)	128	704	941	1,032
Depreciation	(59)	(303)	(306)	(309)	(316)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(230)	(174)	398	632	716
Net financing costs	(65)	(399)	(380)	(365)	(350)
Associates	0	0	0	0	0
Recurring non-operating income	25	38	10	10	11
Non-recurring items	1,142	99	250	0	0
Profit before tax	872	(437)	278	277	376
Tax	6	95	(3)	(42)	(75)
Profit after tax	878	(342)	275	236	301
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	878	(342)	275	236	301
Non-recurring items & goodwill (net)	(1,142)	(99)	(250)	0	0
Recurring net profit	(264)	(441)	25	236	301
Per share (THB)					
Recurring EPS *	(0.91)	(1.53)	0.08	0.76	0.97
Reported EPS	3.04	(1.18)	0.95	0.76	0.97
DPS	0.00	0.00	0.00	0.38	0.49
Diluted shares (used to calculate per share data)	289	289	310	310	310
Growth					
Revenue (%)	1,595.6	869.1	45.0	14.5	6.8
Operating EBITDA (%)	nm	nm	449.9	33.7	9.6
Operating EBIT (%)	nm	nm	nm	58.8	13.2
Recurring EPS (%)	nm	nm	nm	848.2	27.7
Reported EPS (%)	753.7	nm	nm	(20.0)	27.7
Operating performance					
Gross margin inc. depreciation (%)	5.5	25.2	38.0	41.2	42.0
Gross margin exc. depreciation (%)	32.1	39.3	47.9	49.9	50.3
Operating EBITDA margin (%)	(77.1)	6.0	22.6	26.4	27.1
Operating EBIT margin (%)	(103.7)	(8.1)	12.8	17.7	18.8
Net margin (%)	(119.2)	(20.5)	0.8	6.6	7.9
Effective tax rate (%)	2.2	17.7	10.0	15.0	20.0
Dividend payout on recurring profit (%)	-	-	-	50.0	50.0
Interest cover (X)	(3.1)	(0.3)	1.1	1.8	2.1
Inventory days	43.9	11.4	11.3	12.0	12.2
Debtor days	113.0	12.2	14.5	14.2	13.3
Creditor days	286.0	78.6	93.6	99.1	100.9
Operating ROIC (%)	(3.0)	(1.3)	3.2	4.8	5.3
ROIC (%)	(2.5)	(1.0)	3.1	4.8	5.2
ROE (%)	(4.7)	(7.0)	0.4	3.6	4.4
ROA (%)	(1.9)	(0.8)	2.7	3.9	4.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	207	2,135	3,106	3,557	3,801
Revenue from sales and services	15	13	10	10	10

Sources: Bound and Beyond; FSSIA estimates

Financial Statements

Bound and Beyond

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(264)	(441)	25	236	301
Depreciation	59	303	306	309	316
Associates & minorities	-	-	-	-	-
Other non-cash items	1,148	119	250	0	0
Change in working capital	1,206	(1,037)	53	42	28
Cash flow from operations	2,149	(1,056)	634	587	645
Capex - maintenance	(8,486)	(634)	(110)	(116)	(122)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	391	967	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(8,096)	333	(110)	(116)	(122)
Dividends paid	0	0	0	0	(118)
Equity finance	629	0	0	210	0
Debt finance	3,428	778	(100)	(300)	(100)
Other financing cash flows	174	(161)	0	0	0
Cash flow from financing	4,231	617	(100)	(90)	(218)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,716)	(105)	424	381	305
Free cash flow to firm (FCFF)	(5,869.34)	(318.31)	909.11	844.03	883.27
Free cash flow to equity (FCFE)	(2,344.61)	(105.32)	423.90	171.32	423.05

Per share (THB)

FCFF per share	(18.94)	(1.03)	2.93	2.72	2.85
FCFE per share	(7.57)	(0.34)	1.37	0.55	1.37
Recurring cash flow per share	3.26	(0.06)	2.01	1.76	1.99

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	13,878	12,656	12,766	12,882	13,004
Less: Accumulated depreciation	(1,486)	(961)	(1,267)	(1,576)	(1,892)
Tangible fixed assets (net)	12,392	11,695	11,499	11,306	11,112
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	204	264	264	264	264
Cash & equivalents	866	761	1,185	1,566	1,871
A/C receivable	36	108	139	139	139
Inventories	36	45	56	62	65
Other current assets	571	373	541	619	661
Current assets	1,509	1,287	1,920	2,385	2,736
Other assets	1	100	100	100	100
Total assets	14,106	13,346	13,783	14,055	14,212
Common equity	6,412	6,103	6,378	6,823	7,006
Minorities etc.	0	0	0	0	0
Total shareholders' equity	6,412	6,103	6,378	6,823	7,006
Long term debt	4,450	5,227	5,127	4,827	4,727
Other long-term liabilities	350	277	277	277	277
Long-term liabilities	4,801	5,504	5,404	5,104	5,004
A/C payable	191	371	462	508	539
Short term debt	985	986	986	986	986
Other current liabilities	1,717	382	554	634	677
Current liabilities	2,893	1,739	2,002	2,129	2,202
Total liabilities and shareholders' equity	14,106	13,346	13,783	14,055	14,212
Net working capital	(1,265)	(227)	(280)	(323)	(350)
Invested capital	11,332	11,832	11,583	11,347	11,125

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

Per share (THB)

Book value per share	22.20	21.13	22.08	22.02	22.61
Tangible book value per share	22.20	21.13	22.08	22.02	22.61

Financial strength

Net debt/equity (%)	71.3	89.3	77.3	62.3	54.8
Net debt/total assets (%)	32.4	40.9	35.8	30.2	27.0
Current ratio (x)	0.5	0.7	1.0	1.1	1.2
CF interest cover (x)	(35.0)	0.7	2.1	1.5	2.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(14.3)	(8.6)	163.3	17.2	13.5
Recurring P/E @ target price (x) *	(26.2)	(15.7)	299.1	31.5	24.7
Reported P/E (x)	4.3	(11.1)	13.8	17.2	13.5
Dividend yield (%)	-	-	-	2.9	3.7
Price/book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x) **	(48.8)	72.1	12.4	8.8	7.7
EV/EBITDA @ target price (x) **	(67.3)	96.7	16.8	12.4	10.9
EV/invested capital (x)	0.7	0.8	0.8	0.7	0.7

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

Sources: Bound and Beyond; 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 Indices ⁵ (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
Bound and Beyond	BEYOND TB	THB 13.10	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 4.94	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 34.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENDEL TB	THB 49.50	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.
The Erawan Group	ERW TB	THB 4.82	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 3.16	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 11.30	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.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 30-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.