

BOUND AND BEYOND  
THAILAND / TOURISM & LEISURE

## BEYOND TB

BUY

UNCHANGED

## มองข้ามฤดูที่ซบเซา

- คาดผลขาดทุนปกติ 2Q23 ที่ 53 ลบ. จากผลกระทบของฤดูที่ซบเซา อย่างไรก็ตามก็ดีบริษัทฯ น่าจะบันทึกกำไร 200-300 ลบ. จากการขายที่ดินในระหว่างไตรมาส
- การดำเนินงานน่าจะปรับตัวดีขึ้นใน 3Q23 จากนักท่องเที่ยวชาวจีนที่ฟื้นตัวดีโดยกลุ่มดังกล่าวนับเป็นผู้สร้างรายได้จากธุรกิจโรงแรมอันดับต้น ๆ ในปัจจุบัน
- คงแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 24 บาท (DCF)

|                 |           |
|-----------------|-----------|
| 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   |

## RevPAR 2Q23 น่าจะลดลง 12% q-q แต่กระโดดเพิ่ม 130% y-y

เราคาดว่าอัตราการเข้าพัก (OCC rate) ใน 2Q23 จะลดลงเหลือ 50% (เทียบกับ 53% ใน 1Q23) และค่าห้องรายวันเฉลี่ย (ADR) จะลดลง 12% q-q มาอยู่ที่ประมาณ 18,000 บาท ส่วนมากจากผลกระทบจากช่วงโลว์ซีซั่น เพราะฉะนั้น RevPAR จึงน่าจะลดลง 17% q-q ใน 2Q23 แต่น่าจะกระโดดเพิ่ม 130% y-y ในภาพรวมเราคาดว่ารายได้ใน 2Q23 จะลดลง 17% q-q และ EBITDA margin น่าจะหดตัวเหลือ 18% (เทียบกับ 24% ใน 1Q23) ซึ่งจะทำให้เกิดผลขาดทุนปกติ 53 ลบ. (เทียบกับผลกำไรปกติ 17 ลบ. ใน 1Q23 และผลขาดทุนปกติ 184 ลบ. ใน 2Q22)

## ขายที่ดินในระยองอันมีมูลค่ารวมประมาณ 500 ลบ.

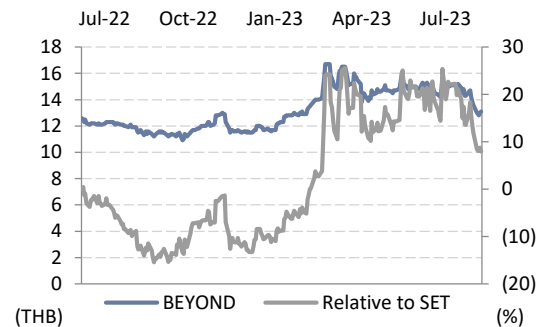
แม้เราจะคาดว่ากำไรปกติ 2Q23 จะอ่อนแอ เราคาดว่า BEYOND จะขายที่ดินในระยองอันมีมูลค่ารวมประมาณ 500 ลบ. ได้สำเร็จ บริษัทฯ น่าจะบันทึกกำไร 200-300 ลบ. ใน 2Q23 เพราะฉะนั้นเราจึงคาดว่ากำไรสุทธิ 2Q23 ไว้ที่ 197 ลบ. รายการดังกล่าวเป็นบวกต่อ BEYOND เนื่องจากการปลดปล่อยมูลค่าสินทรัพย์ บริษัทฯ วางแผนใช้เงินที่ได้รับในโครงการใหม่ที่เกี่ยวข้องกับโรงแรมและสถานตากอากาศที่มุ่งเน้นในการสร้างประสบการณ์ที่ดีให้แก่ผู้เข้าพักโดยน่าจะประกาศได้ในช่วง 2H23

## RevPAR น่าจะกลับมาโตได้ในช่วง 2H23

เราคาดว่ากำไร 2Q23 น่าจะเป็นจุดต่ำสุดของปีนี้และคาดว่า RevPAR น่าจะฟื้นตัวใน 3Q23 จากการมาของนักท่องเที่ยวชาวจีนซึ่งน่าจะเร่งตัวขึ้นในช่วงวันหยุดภาคการศึกษาในช่วงเดือน ก.ค. - ส.ค. อัตราการเข้าพักน่าจะฟื้นตัวเป็น 52-55% ในขณะที่ค่าห้องรายวันเฉลี่ยน่าจะปรับตัวดีขึ้นเป็น 19,000-20,000 บาทใน 3Q23 ผู้เข้าพักชาวจีนได้กลายเป็นลูกค้าอันดับหนึ่งในแง่ของรายได้จากห้องพักโรงแรมและสร้างรายได้ประมาณ 20% ในช่วง 1H23 ซึ่งเพิ่มขึ้นอย่างมีนัยสำคัญจาก 6% ในปี 2022 ในขณะที่ผู้สร้างรายได้อันดับต้น ๆ ที่เหลือประกอบด้วยผู้เข้าพักจากเกาหลี (14%), สหรัฐฯ (13%) และไทย (10%)

## ปรับลดประมาณการกำไรปกติปี 2023 แต่ปรับเพิ่มประมาณการกำไรสุทธิ

เราปรับลดประมาณการกำไรปกติปี 2023 ลงเหลือ 25 ลบ. จาก 78 ลบ. เนื่องจากเราปรับลดประมาณการตัวเลขนักท่องเที่ยวขาเข้าปี 2023 ของเราลงเหลือ 30 ล้าน (จาก 34 ล้าน) อย่างไรก็ตามก็ดีเราปรับเพิ่มประมาณการกำไรสุทธิปี 2023 เป็น 275 ลบ. เพื่อสะท้อนกำไรจากการขายที่ดิน เราปรับลดประมาณการกำไรปกติปี 2024-25 ของเราลง 7-8% เพื่อสะท้อนต้นทุนคงที่ที่สูงขึ้น นอกจากนี้เรายังปรับปีการประเมินมูลค่าไปเป็นปี 2024 และคงราคาเป้าหมายของเราไว้ที่ 24 บาท (DCF) ปัจจุบัน BEYOND มีการซื้อขายในระดับการประเมินมูลค่าที่ต่ำเพียง 17.2x ของค่า 2024 P/E และ 0.6x ของค่า P/BV ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มฯ ที่ 29.7x และ 2.0x ตามลำดับ เราเห็นว่าราคาหุ้นที่อ่อนตัวเป็นโอกาสในการซื้อเพื่อจับกำไร 2H23 ที่คาดว่าจะฟื้นตัวดี



| 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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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 3 กรกฎาคม 2023

### 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.

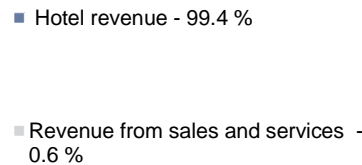
We expect BEYOND’s earnings to rebound in 2023 and deliver strong growth over 2024-25, as its EBITDA margin improves from its high operating leverage structure. In addition, its interest expenses should gradually decline thanks to its strong cash flow and low levels of maintenance CAPEX.

### 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.

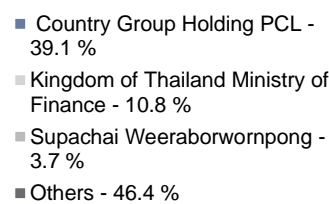
[www.boundandbeyond.co.th](http://www.boundandbeyond.co.th)

### Principal activities (revenue, 2022)



Source: Bound and Beyond

### Major shareholders



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.

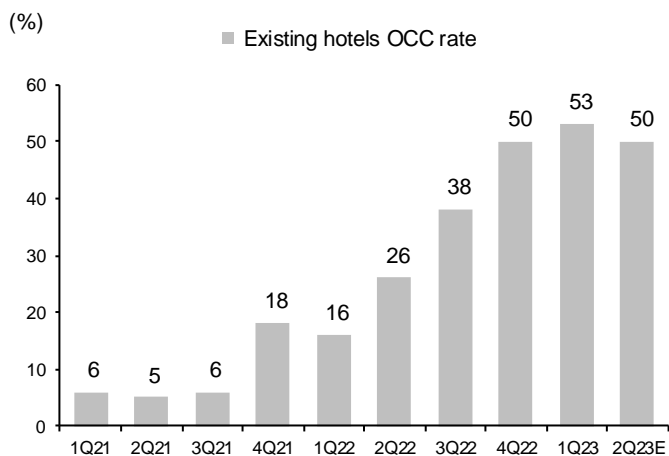
Source: FSSIA estimates

## 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)      |
| <b>Gross profit</b>        | <b>91</b>     | <b>132</b>    | <b>309</b>  | <b>327</b>  | <b>235</b>    | <b>(28)</b>  | <b>159</b>   | <b>1,185</b> |
| SG&A                       | (166)         | (192)         | (215)       | (205)       | (188)         | (8)          | 13           | (787)        |
| <b>Operating profit</b>    | <b>(76)</b>   | <b>(60)</b>   | <b>94</b>   | <b>122</b>  | <b>46</b>     | <b>(62)</b>  | <b>(161)</b> | <b>398</b>   |
| 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)        |
| <b>Pretax profit</b>       | <b>(195)</b>  | <b>(157)</b>  | <b>0</b>    | <b>23</b>   | <b>(53)</b>   | <b>(331)</b> | <b>(73)</b>  | <b>28</b>    |
| 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            |
| <b>Core profit</b>         | <b>(184)</b>  | <b>(156)</b>  | <b>76</b>   | <b>17</b>   | <b>(53)</b>   | <b>(412)</b> | <b>(71)</b>  | <b>25</b>    |
| Extraordinaries, GW & FX   | 1             | 11            | 13          | 0           | 250           |              |              | 250          |
| <b>Reported net profit</b> | <b>(183)</b>  | <b>(145)</b>  | <b>89</b>   | <b>17</b>   | <b>197</b>    | <b>1,057</b> | <b>(208)</b> | <b>275</b>   |
| Outstanding shares (m)     | 289           | 289           | 289         | 289         | 289           | 0            | 0            | 289          |
| <b>Core EPS (THB)</b>      | <b>(0.64)</b> | <b>(0.54)</b> | <b>0.26</b> | <b>0.06</b> | <b>(0.18)</b> | <b>(412)</b> | <b>(71)</b>  | <b>0.09</b>  |
| <b>EPS (THB)</b>           | <b>(0.63)</b> | <b>(0.50)</b> | <b>0.31</b> | <b>0.06</b> | <b>0.68</b>   | <b>1,057</b> | <b>(208)</b> | <b>0.95</b>  |
| 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          |
| <b>Key ratios</b>          | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>  | <b>(%)</b>  | <b>(%)</b>    | <b>(ppt)</b> | <b>(ppt)</b> | <b>(%)</b>   |
| 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            |
| <b>Operating stats</b>     |               |               |             |             |               |              |              |              |
| 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         |              |              |              |

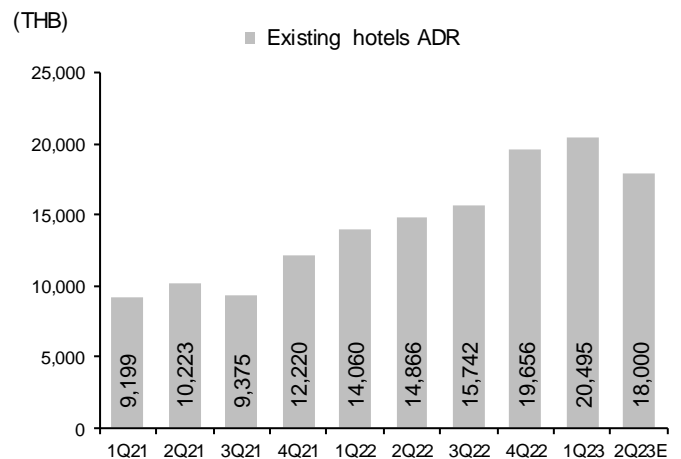
Sources: BEYOND; FSSIA estimates

## Exhibit 2: OCC rate (quarterly)



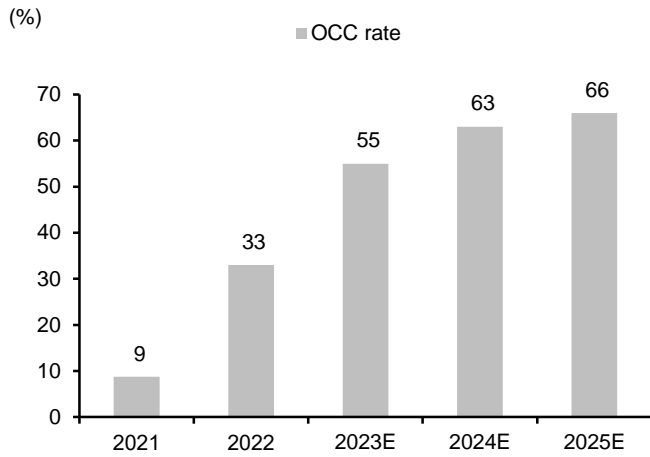
Sources: BEYOND; FSSIA estimate

## Exhibit 3: ADR (quarterly)



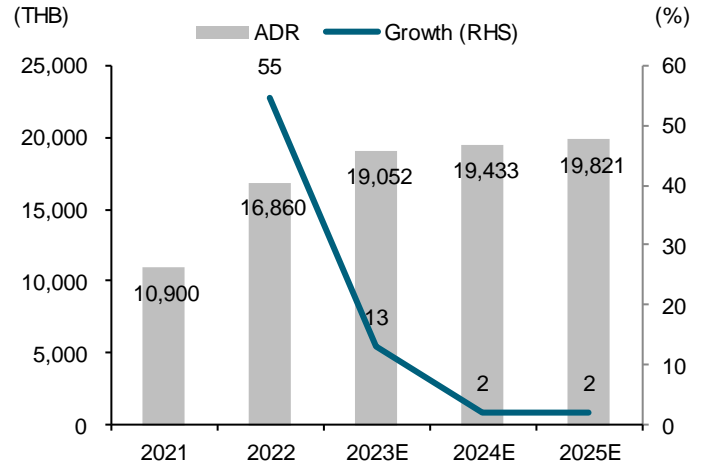
Sources: BEYOND; FSSIA estimate

**Exhibit 4: OCC rate, yearly**



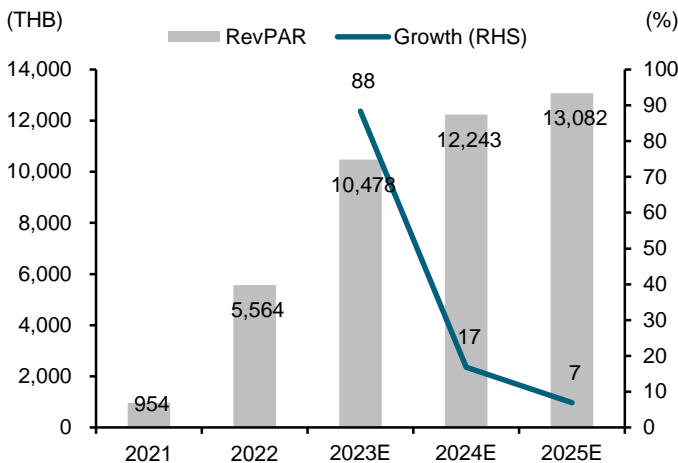
Sources: BEYOND; FSSIA estimates

**Exhibit 5: ADR yearly**



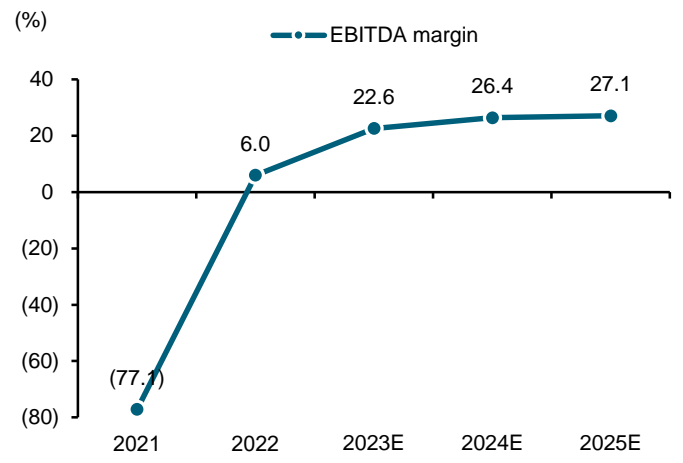
Sources: BEYOND; FSSIA estimates

**Exhibit 6: RevPAR, yearly**



Sources: BEYOND; FSSIA estimates

**Exhibit 7: EBITDA margin**



Sources: BEYOND; FSSIA estimates

**Exhibit 8: Forecast revisions**

|                        | Current          |                  |                  | Previous         |                  |                  | Change       |              |              |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|--------------|
|                        | 2023E<br>(THB m) | 2024E<br>(THB m) | 2025E<br>(THB m) | 2023E<br>(THB m) | 2024E<br>(THB m) | 2025E<br>(THB m) | 2023E<br>(%) | 2024E<br>(%) | 2025E<br>(%) |
| 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)          |
| <b>Key assumptions</b> |                  |                  |                  |                  |                  |                  |              |              |              |
| 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  |
| <b>Residual ordinary equity</b> | <b>7.4</b> | <b>24.0</b> |   |

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                    |
| <b>Net value</b>                | <b>7.5</b>  |                               |
| No of shares (m)                | 309.8       |                               |
| <b>FV per share</b>             | <b>24.3</b> |                               |

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)     |
| <b>Thailand</b>         |             |     |               |              |            |                    |             |             |             |             |             |            |            |             |             |
| 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         |
| <b>Thailand average</b> |             |     |               |              |            | <b>12,948</b>      | <b>80.4</b> | <b>29.7</b> | <b>21.7</b> | <b>4.8</b>  | <b>6.8</b>  | <b>2.1</b> | <b>2.0</b> | <b>20.6</b> | <b>16.6</b> |
| <b>Regional</b>         |             |     |               |              |            |                    |             |             |             |             |             |            |            |             |             |
| 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         |
| <b>Regional average</b> |             |     |               |              |            | <b>33,458</b>      | <b>27.6</b> | <b>20.4</b> | <b>15.7</b> | <b>10.2</b> | <b>11.9</b> | <b>3.4</b> | <b>2.9</b> | <b>15.6</b> | <b>13.1</b> |
| <b>Overall average</b>  |             |     |               |              |            | <b>46,406</b>      | <b>52.2</b> | <b>24.8</b> | <b>18.5</b> | <b>7.7</b>  | <b>9.5</b>  | <b>2.8</b> | <b>2.5</b> | <b>17.9</b> | <b>14.7</b> |

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)      |
| <b>Gross profit</b>                               | <b>12</b>      | <b>541</b>   | <b>1,185</b> | <b>1,471</b> | <b>1,601</b> |
| Other operating income                            | -              | -            | -            | -            | -            |
| Operating costs                                   | (242)          | (716)        | (787)        | (839)        | (885)        |
| <b>Operating EBITDA</b>                           | <b>(171)</b>   | <b>128</b>   | <b>704</b>   | <b>941</b>   | <b>1,032</b> |
| Depreciation                                      | (59)           | (303)        | (306)        | (309)        | (316)        |
| Goodwill amortisation                             | -              | -            | -            | -            | -            |
| <b>Operating EBIT</b>                             | <b>(230)</b>   | <b>(174)</b> | <b>398</b>   | <b>632</b>   | <b>716</b>   |
| 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            |
| <b>Profit before tax</b>                          | <b>872</b>     | <b>(437)</b> | <b>278</b>   | <b>277</b>   | <b>376</b>   |
| Tax   | 6              | 95           | (3)          | (42)         | (75)         |
| <b>Profit after tax</b>                           | <b>878</b>     | <b>(342)</b> | <b>275</b>   | <b>236</b>   | <b>301</b>   |
| Minority interests                                | 0              | 0            | 0            | 0            | 0            |
| Preferred dividends                               | -              | -            | -            | -            | -            |
| Other items                                       | -              | -            | -            | -            | -            |
| <b>Reported net profit</b>                        | <b>878</b>     | <b>(342)</b> | <b>275</b>   | <b>236</b>   | <b>301</b>   |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>(1,142)</b> | <b>(99)</b>  | <b>(250)</b> | <b>0</b>     | <b>0</b>     |
| <b>Recurring net profit</b>                       | <b>(264)</b>   | <b>(441)</b> | <b>25</b>    | <b>236</b>   | <b>301</b>   |
| <b>Per share (THB)</b>                            |                |              |              |              |              |
| 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          |
| <b>Growth</b>                                     |                |              |              |              |              |
| 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         |
| <b>Operating performance</b>                      |                |              |              |              |              |
| 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 |                |              |              |              |              |
| <b>Revenue by Division (THB m)</b>                |                |              |              |              |              |
| 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           |
| <b>Cash flow from operations</b>  | <b>2,149</b>   | <b>(1,056)</b> | <b>634</b>   | <b>587</b>   | <b>645</b>   |
| Capex - maintenance               | (8,486)        | (634)          | (110)        | (116)        | (122)        |
| Capex - new investment            | -              | -              | -            | -            | -            |
| Net acquisitions & disposals      | 391            | 967            | 0            | 0            | 0            |
| Other investments (net)           | -              | -              | -            | -            | -            |
| <b>Cash flow from investing</b>   | <b>(8,096)</b> | <b>333</b>     | <b>(110)</b> | <b>(116)</b> | <b>(122)</b> |
| 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            |
| <b>Cash flow from financing</b>   | <b>4,231</b>   | <b>617</b>     | <b>(100)</b> | <b>(90)</b>  | <b>(218)</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>(1,716)</b> | <b>(105)</b>   | <b>424</b>   | <b>381</b>   | <b>305</b>   |
| 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)       |
| <b>Tangible fixed assets (net)</b>                | <b>12,392</b> | <b>11,695</b> | <b>11,499</b> | <b>11,306</b> | <b>11,112</b> |
| <b>Intangible fixed assets (net)</b>              | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| 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           |
| <b>Current assets</b>                             | <b>1,509</b>  | <b>1,287</b>  | <b>1,920</b>  | <b>2,385</b>  | <b>2,736</b>  |
| Other assets                                      | 1             | 100           | 100           | 100           | 100           |
| <b>Total assets</b>                               | <b>14,106</b> | <b>13,346</b> | <b>13,783</b> | <b>14,055</b> | <b>14,212</b> |
| Common equity                                     | 6,412         | 6,103         | 6,378         | 6,823         | 7,006         |
| Minorities etc.                                   | 0             | 0             | 0             | 0             | 0             |
| <b>Total shareholders' equity</b>                 | <b>6,412</b>  | <b>6,103</b>  | <b>6,378</b>  | <b>6,823</b>  | <b>7,006</b>  |
| Long term debt                                    | 4,450         | 5,227         | 5,127         | 4,827         | 4,727         |
| Other long-term liabilities                       | 350           | 277           | 277           | 277           | 277           |
| <b>Long-term liabilities</b>                      | <b>4,801</b>  | <b>5,504</b>  | <b>5,404</b>  | <b>5,104</b>  | <b>5,004</b>  |
| 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           |
| <b>Current liabilities</b>                        | <b>2,893</b>  | <b>1,739</b>  | <b>2,002</b>  | <b>2,129</b>  | <b>2,202</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>14,106</b> | <b>13,346</b> | <b>13,783</b> | <b>14,055</b> | <b>14,212</b> |
| 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       |
|---|---------------|---------------|--------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>(14.3)</b> | <b>(8.6)</b>  | <b>163.3</b> | <b>17.2</b> | <b>13.5</b> |
| <b>Recurring P/E @ target price (x) *</b> | <b>(26.2)</b> | <b>(15.7)</b> | <b>299.1</b> | <b>31.5</b> | <b>24.7</b> |
| 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)<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 Environmental, and Social issues, by managing business with transparency in Governance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

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

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability 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

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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  | CENTEL 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.