

CENTRAL PLAZA HOTEL

THAILAND / TOURISM & LEISURE

CENTEL TB

BUY

UNCHANGED

ปลอดภัยในฤดูที่ซบเซา

- คาดกำไรปกติ 2Q23 ที่ 241 ลบ. (เทียบกับ 291 ลบ. ใน 2Q19); RevPAR ของโรงแรมในไทยน่าจะสูงเกินระดับก่อนโควิดอยู่ 8%
- การต่อสัญญาเช่าโรงแรมที่หัวหินน่าจะให้การเติบโตระยะยาวจากจำนวนห้องที่เพิ่มขึ้น แต่จะมาพร้อมกับการจ่ายค่าเช่าที่สูงขึ้น
- คงแนะนำซื้อหลังปรับลดราคาเป้าหมายลงเหลือ 55 บาท (DCF)

TARGET PRICE	THB55.00
CLOSE	THB45.50
UP/DOWNSIDE	+20.9%
PRIOR TP	THB58.00
CHANGE IN TP	-5.2%
TP vs CONSENSUS	-4.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	17,502	22,136	25,049	27,428
Net profit	398	1,703	2,119	2,368
EPS (THB)	0.29	1.26	1.57	1.75
vs Consensus (%)	-	(4.5)	(16.6)	(18.6)
EBITDA	3,741	5,262	6,210	6,982
Recurring net profit	398	1,703	2,119	2,368
Core EPS (THB)	0.29	1.26	1.57	1.75
Chg. In EPS est. (%)	-	(20.4)	(19.3)	(15.8)
EPS growth (%)	nm	327.8	24.4	11.8
Core P/E (x)	154.3	36.1	29.0	25.9
Dividend yield (%)	-	1.1	1.4	1.5
EV/EBITDA (x)	21.7	15.7	13.7	12.3
Price/book (x)	3.3	3.0	2.8	2.7
Net debt/Equity (%)	102.4	101.6	107.0	101.3
ROE (%)	2.2	8.8	10.1	10.6

รายได้จากธุรกิจโรงแรมน่าจะลดลง 27% q-q จากฤดูที่ซบเซา

ใน 2Q23 RevPAR ของโรงแรมในไทยน่าจะลดลง 25% q-q แต่ยังสูงกว่าระดับก่อนโควิดอยู่ 8% RevPAR ของโรงแรมในกรุงเทพฯ น่าจะสูงกว่าระดับก่อนโควิดถึง 24% ในขณะที่ RevPAR ของโรงแรมในต่างจังหวัดน่าจะแตะระดับก่อนโควิด ในส่วนของ RevPAR ของโรงแรมในมัลดีฟส์น่าจะลดลงประมาณ 50% q-q จากการแข่งขันและอุปทาน (จากเกสเฮ้าส์) ที่สูงขึ้น RevPAR ของโรงแรมในดูไบน่าจะลดลง 5% q-q เราคาดว่า EBITDA margin ในธุรกิจโรงแรมจะลดลงเหลือ 31% (เทียบกับ 40% ใน 1Q23) โดยมีปัจจัยกดดันจาก RevPAR ที่อ่อนแอ โดยเฉพาะอย่างยิ่งในพอร์ตโรงแรมในมัลดีฟส์และค่าใช้จ่ายก่อนดำเนินงานของโรงแรมใน Osaka ซึ่งเปิดในเดือน ก.ค. เพราะฉะนั้นเราจึงคาดว่ากำไรปกติของธุรกิจโรงแรมจะอยู่ที่ 101 ลบ. (เทียบกับ 538 ลบ. ใน 1Q23 และ 105 ลบ. ใน 2Q19)

การดำเนินงานในธุรกิจอาหารน่าจะปรับตัวดีขึ้น q-q

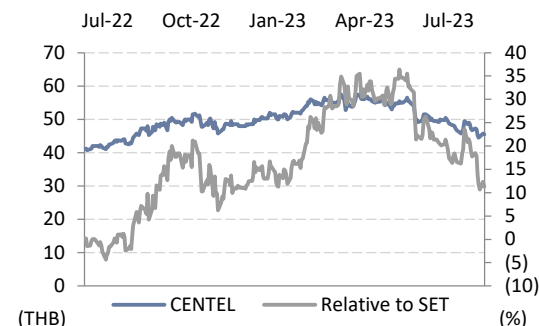
ใน 2Q23 เราคาดการณ์เติบโตของยอดขายจากสาขาเดิม (SSSG) ที่ 3% y-y และการเติบโตของยอดขายในทุกสาขา (TSSG) ที่ 7% y-y จากยอดขาย Dine-in รายได้จากธุรกิจอาหารน่าจะโต 3% q-q และคิดเป็น 96% ของระดับก่อนโควิด เราคาดว่า EBITDA margin ในธุรกิจดังกล่าวจะปรับตัวเป็น 19% (เทียบกับ 18% ใน 1Q23) และคาดว่ากำไรปกติของธุรกิจอาหารที่ 140 ลบ. (เทียบกับ 91 ลบ. ใน 1Q23 และ 185 ลบ. ใน 2Q19) ในภาพรวมเราคาดว่าบริษัท จะรายงานกำไรปกติ 241 ลบ. (เทียบกับ 629 ลบ. ใน 1Q23 และ 291 ลบ. ใน 2Q19)

ต่อสัญญาเช่าของโรงแรม Hua Hin Airport เป็นระยะเวลา 34 ปี

เมื่อเร็ว ๆ นี้ CENTEL ได้ต่อสัญญาเช่าของ Centara Grand Hua Hin (7% ของรายได้ในธุรกิจโรงแรม) โดยแบ่งออกเป็นสัญญาย่อย 2 สัญญาประกอบด้วย: สัญญา 4 ปีสำหรับการก่อสร้างตั้งแต่เดือน พ.ค. 2023-27 และอีก 30 ปีจากเดือน พ.ค. 2027 เป็นต้นไปสำหรับการใช้ประโยชน์ CENTEL ยังไม่ได้จ่ายเงินค่าเช่าสำหรับสัญญาใหม่ เราคาดว่าค่าใช้จ่ายจะเพิ่มจากประมาณ 100 ลบ./ปี ในปี 2019 และประมาณ 60-70 ลบ./ปี ในช่วงที่โควิดระบาดเป็นประมาณ 150-200 ลบ./ปี นอกจากนี้ CENTEL ยังน่าจะใช้งบลงทุนเพิ่มอีกไม่เกิน 3 พัน ลบ. เพื่อปรับปรุงโรงแรมที่มีอยู่ในปัจจุบันและสร้างตึกใหม่เพื่อเพิ่มจำนวนห้องจาก 251 เป็น 500 ห้อง

ปรับลดประมาณการกำไรปกติ

เราปรับลดประมาณการกำไรปกติปี 2023-25 ลง 16-20% เพื่อสะท้อนอัตราค่าที่อ่อนแอของทั้งธุรกิจโรงแรมและอาหาร รวมถึงการจ่ายค่าเช่าที่เพิ่มขึ้นของโรงแรมในหัวหินซึ่งทำให้ได้ราคาเป้าหมายปี 2024 ที่ 55 บาท (DCF) CENTEL มีการซื้อขายที่ 29x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 27x) เราเห็นว่าราคาหุ้นที่อ่อนแอเป็นโอกาสในการซื้อเพื่อรอการฟื้นตัวที่คาดว่าจะดีขึ้นในช่วง 2H23.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.7)	(16.9)	12.3
Relative to country (%)	(5.2)	(13.7)	13.0
Mkt cap (USD m)	1,798		
3m avg. daily turnover (USD m)	4.8		
Free float (%)	76		
Major shareholder	The Chirathivat group (62%)		
12m high/low (THB)	58.25/39.50		
Issued shares (m)	1,350.00		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Register no. 080523

teerapol.udo@fssia.com, +66 2611 3535

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 19 กรกฎาคม 2023

Investment thesis

CENTEL has invested conservatively over the past five years, resulting in lower leverage with an IBD/E of only 0.8x in 1Q23. Its strong balance sheet was a key source of strength during the Covid-19 crisis. In our view, CENTEL is the hospitality provider with the lowest risk profile under our sector coverage.

As the Covid crisis subsides, we expect CENTEL to be in an expansion mode after the completion of renovations at two of its hotels (Samui and CentralWorld) and the opening of four big hotel projects: one in Dubai (opened in 2021), two in Maldives (2024-25), and one in Japan (2023).

CENTEL should benefit from China's reopening given that Chinese guests accounted for 12% and 15% of room night bookings for Thai and Maldives hotels in 2019, respectively.

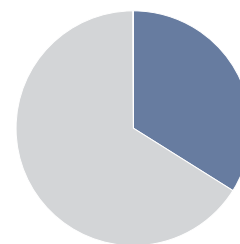
Company profile

CENTEL owns and operates 18 hotels in Thailand and the Maldives, and more than 1,000 restaurant outlets in Thailand.

www.centarahotelsresorts.com

Principal activities (revenue, 2022)

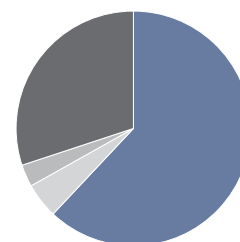
- Hotel revenue - 33.9 %
- F&B revenue - 66.0 %
- Rental income - 0.1 %



Source: Central Plaza Hotel

Major shareholders

- The Chirathivat group - 62.0 %
- Thai NVDR - 4.9 %
- Niti Osathanugrah - 3.1 %
- Others - 30.1 %



Source: Central Plaza Hotel

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the recovery in global tourism; 2) improving consumption and economic growth resulting in strong SSSG; and 3) the recovery in Chinese tourist arrivals.

Risks to our call

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

Event calendar

Date	Event
Aug 2023	2Q23 results announcement

Key assumptions

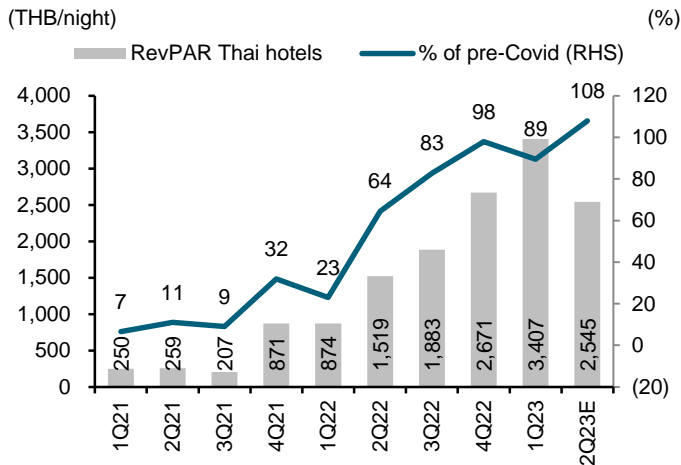
	2023E	2024E	2025E
	(%)	(%)	(%)
Owned & leased hotels			
- Number of owned hotel rooms (no.)	5,566	5,696	6,006
- Occupancy rate (OCC)	67.5	77.1	77.4
- RevPAR growth	44	16	18
Food business			
- Number of outlets (no.)	1,577	1,656	1,722
- Same-Store Sales Growth (SSSG)	7	2	2
- Total System Sales Growth (TSSG)	13	7	6

Source: FSSIA estimates

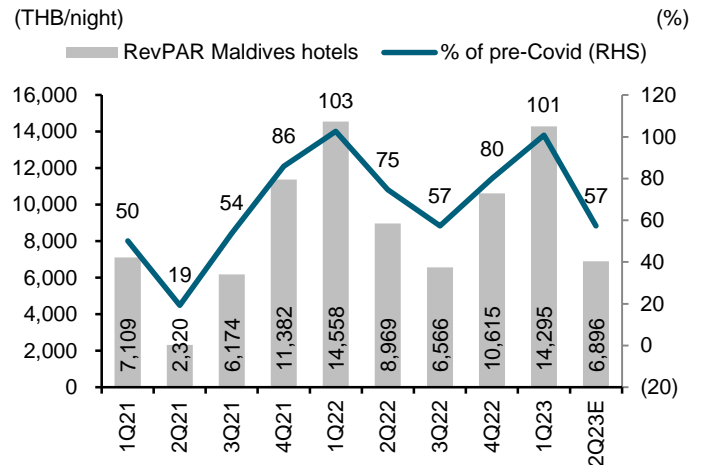
Earnings sensitivity

- For every 1% increase in OCC, we project a 2023 profit increase of 2%, and vice versa, all else being equal.
- For every 1% increase in SSSG, we project a 2023 profit increase of 2%, and vice versa, all else being equal.

Source: FSSIA estimates

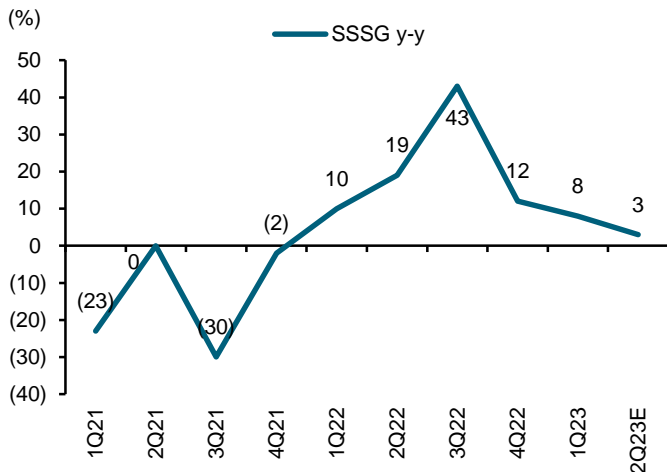
Exhibit 1: CENTEL's Thai hotels RevPAR

Sources: CENTEL; FSSIA estimates

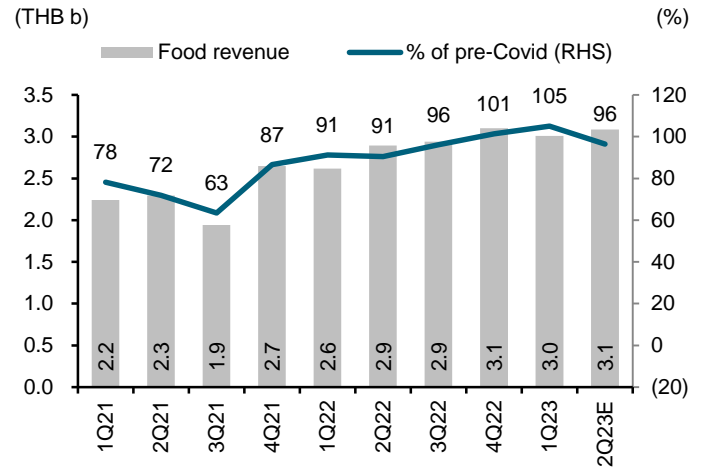
Exhibit 2: CENTEL's Maldives hotels RevPAR

Note: RevPAR excludes F&B revenue since 1Q21

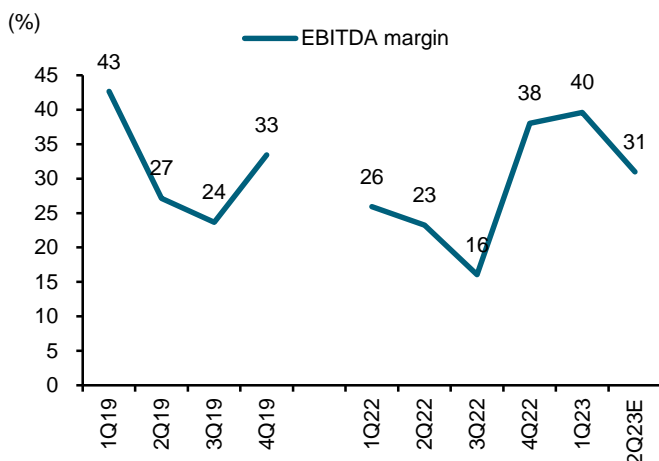
Sources: CENTEL; FSSIA estimates

Exhibit 3: SSSG

Sources: CENTEL; FSSIA estimates

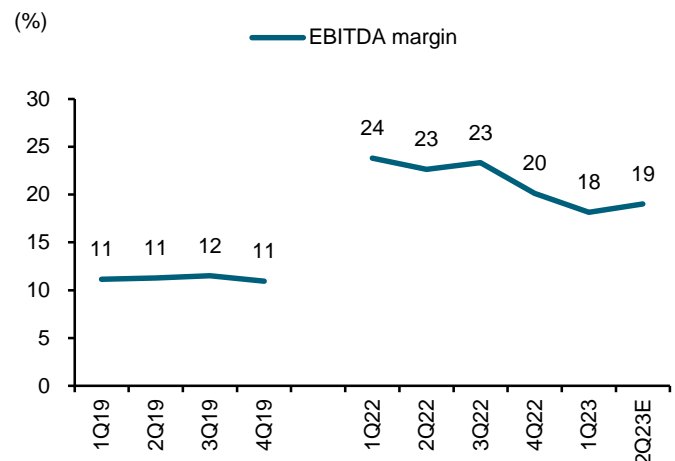
Exhibit 4: Food business revenue

Sources: CENTEL; FSSIA estimates

Exhibit 5: EBITDA margin of hotel business

Note: Adopted TFRS16 since 1Q20

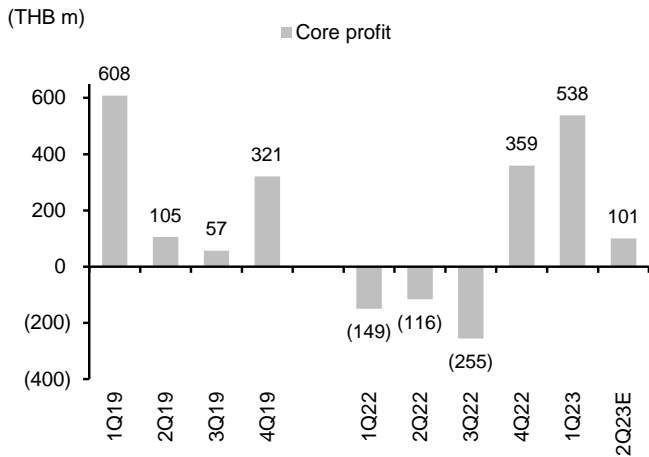
Sources: CENTEL; FSSIA estimates

Exhibit 6: EBITDA margin of food business

Note: Adopted TFRS16 since 1Q20

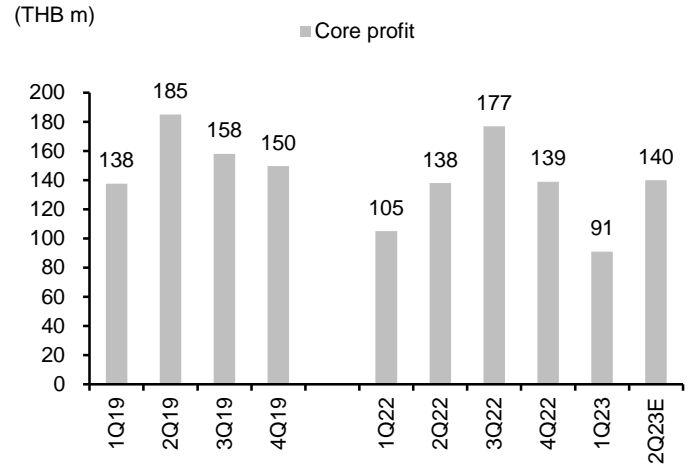
Sources: CENTEL; FSSIA estimates

Exhibit 7: Hotel business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 8: Food business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 9: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	4,193	4,433	5,195	5,530	4,924	(11)	17	22,136	56
- Hotel operations	1,298	1,492	2,094	2,520	1,839	(27)	42	9,082	185
- Food and beverage	2,895	2,941	3,101	3,010	3,086	3	7	13,054	27
COGS (Incl. depreciation)	(2,519)	(2,669)	(3,021)	(3,049)	(2,762)	(9)	10	(12,394)	38
Gross profit	1,674	1,764	2,174	2,481	2,162	(13)	29	9,742	95
SG&A	(1,619)	(1,710)	(1,658)	(1,837)	(1,800)	(2)	11	(7,430)	26
Operating profit	55	54	516	644	362	(44)	560	2,312	141
Net other income	147	139	227	333	154	(54)	5	725	88
Interest expense	(177)	(184)	(193)	(186)	(186)	0	5	(809)	1
Pretax profit	25	9	551	792	330	(58)	1,245	2,227	133
Income Tax	12	(51)	(65)	(84)	(60)	(29)	(587)	(267)	(278)
Share profit from associates	7	7	7	7	7	0	(1)	(107)	(32)
Share profit from JV	(25)	(55)	16	(34)	(11)	(67)	(57)		
Minority interest	3	12	(11)	(52)	(25)	(52)	(835)	(150)	(168)
Core profit	22	(78)	498	629	241	(62)	994	1,703	122
Extraordinaries, GW & FX	0	0	0	0	0			0	
Reported net profit	22	(78)	498	629	241	(62)	994	1,703	123
Shares out (end Q, m)	1,350	1,350	1,350	1,350	1,350	0	0	1,350	0
Pre-ex EPS	0.02	(0.06)	0.37	0.47	0.18	(62)	994	1.26	(122)
EPS	0.02	(0.06)	0.37	0.47	0.18	(62)	994	1.26	(123)
COGS Excl. depreciation	(1,711)	(1,876)	(2,256)	(2,328)	(2,041)	(12)	19	(9,444)	66
Depreciation	(807)	(793)	(765)	(721)	(721)	0	(11)	(2,950)	(1)
EBITDA	1,016	993	1,515	1,706	1,244	(27)	22	5,262	121
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	40	40	42	45	44	(1)	4	44	8
SG&A/Revenue	39	39	32	33	37	3	(2)	34	(9)
Hotel EBITDA margin	23	16	38	40	31	(9)	8		0
Food EBITDA margin	23	23	20	18	19	1	(3)		0
Total EBITDA margin	23	21	28	29	24	(5)	1	24	6
Net profit margin	1	(2)	10	11	5	(6)	4	8	18
Operating stats									
Hotel									
OCC - Maldives (%)	66	52	68	89	56				
OCC - Thailand (%)	45	52	66	76	65				
ARR - Maldives (THB)	13,647	12,627	15,634	16,151	12,361				
ARR - Thailand (THB)	3,410	3,612	4,053	4,461	3,901				
RevPAR - Maldives (THB)	8,969	6,566	10,615	14,295	6,896				
RevPAR Thailand (THB)	1,519	1,883	2,671	3,407	2,545				
Food									
SSSG (y-y %)	19	43	12	8	3				
TSSG (y-y %)	25	51	18	15	8				

Sources: CENTEL; FSSIA estimates

Forecast and TP revisions

We revise down our core profit estimates by 16-20% over 2023-25 to reflect the higher lease expense from the Hua Hin hotel, a lower EBITDA margin for the hotel business from the weak outlook for Maldives RevPAR, and a lower EBITDA margin for the food business from rising raw material costs. We roll forward our DCF valuation base to 2024 and derive a new TP of THB55/shr.

After our revisions, we conservatively forecast RevPAR of Thai and Maldives hotels to be below the pre-Covid level in 2023 and exceed pre-Covid in 2024. We forecast a 2023 core profit of THB1.7b, relatively in line with 2019's core profit, consisting of a THB1.1b core profit from the hotel business and a THB0.6b core profit from the food business.

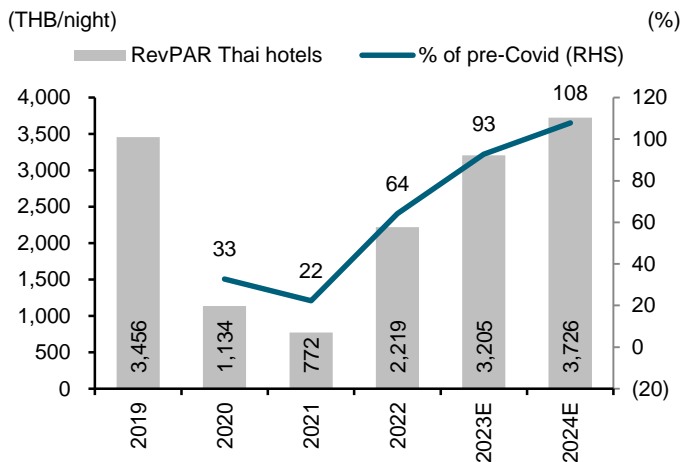
Exhibit 10: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
OCC (%)	67.5	77.1	77.4	67.5	77.1	77.4	0.0	0.0	0.0
RevPar (THB)	3,205	3,726	4,407	3,205	3,726	4,407	0.0	0.0	0.0
SSSG (%)	7.0	2.0	2.0	8.0	2.0	2.0	(1.0)	0.0	0.0
TSSG (%)	13.0	7.0	6.0	15.0	7.0	6.0	(2.0)	0.0	0.0
Total revenue (THB b)	22.1	25.0	27.4	22.4	25.3	27.7	(1.0)	(1.0)	(0.9)
EBITDA margin (%)	23.8	24.8	25.5	26.2	26.3	25.8	(2.4)	(1.5)	(0.3)
Core profit (THB m)	1,703	2,119	2,368	2,138	2,624	2,813	(20.4)	(19.3)	(15.8)

Note: Change of items in percentage terms are represented in ppt change

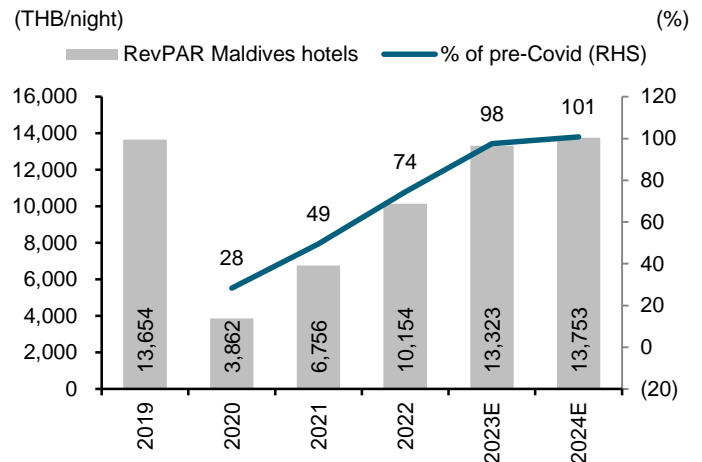
Source: FSSIA estimates

Exhibit 11: CENTEL's Thai hotels RevPAR, yearly



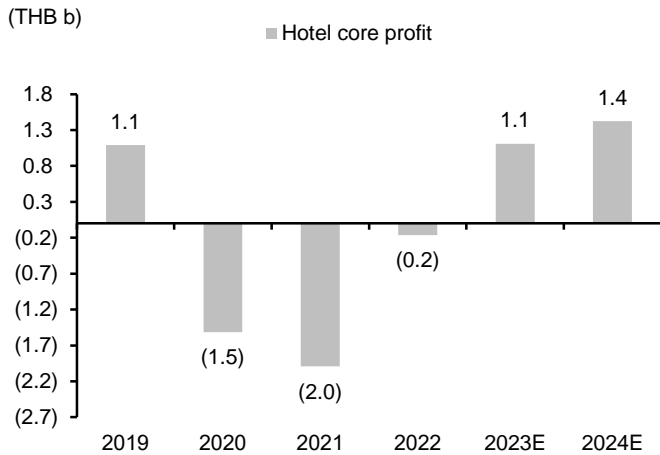
Sources: CENTEL; FSSIA estimates

Exhibit 12: CENTEL's Maldives hotels RevPAR, yearly



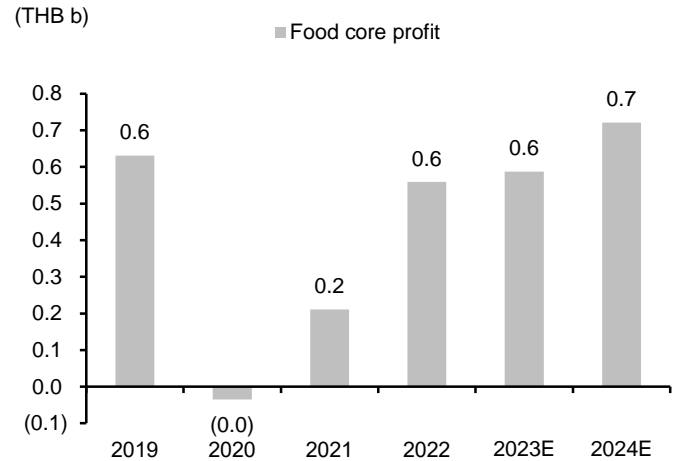
Sources: CENTEL; FSSIA estimates

Exhibit 13: Hotel core profit forecast



Sources: CENTEL; FSSIA estimates

Exhibit 14: Food core profit forecast



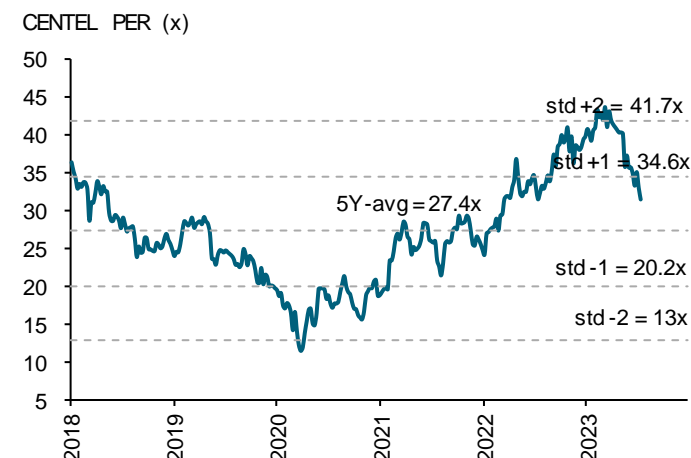
Sources: CENTEL; FSSIA estimates

Exhibit 15: 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		1.1			
Cost of equity, Ke		11.8	Net cost of debt, Kd		2.8
Weight applied		60.0	Weight applied		40.0
WACC		8.2			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		32.6	24.1	WACC 8.2%, risk-free rate 3%, risk premium 8%	
Terminal value		61.1	45.2	Terminal growth 2.5%	
Cash & liquid assets		(1.1)	(0.8)	At end-2024E	
Investments		4.6	3.4	At end-2024E	
Debt		(22.5)	(16.7)	At end-2024E	
Minorities		(0.4)	(0.3)	At end-2024E	
Residual ordinary equity		74.3	55.0		

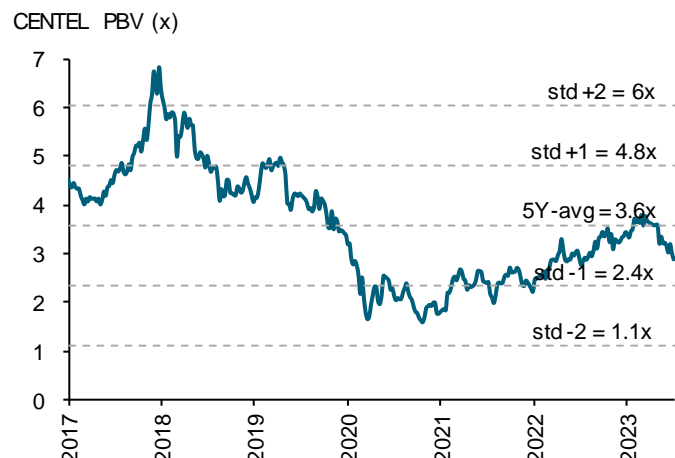
Source: FSSIA estimates

Exhibit 16: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Peer comparisons as of 18 July 2023

Company	BBG	Rec	Share price			Market	PE			ROE		PBV		EV/ EBITDA	
			Current	Target	Upside	cap	23E	24E	25E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand															
Asset World Corp	AWC TB	BUY	4.50	6.80	51	4,214	68.4	39.1	35.1	2.5	4.1	1.7	1.6	37.2	27.0
Minor International	MINT TB	BUY	32.75	40.00	22	5,242	34.3	26.7	23.6	7.0	9.2	2.1	2.8	10.8	10.8
Central Plaza Hotel	CENTEL TB	BUY	45.50	55.00	21	1,798	36.1	29.0	25.9	8.8	10.1	3.0	2.8	15.7	13.7
Erawan Group	ERW TB	BUY	4.64	5.70	23	615	33.8	34.8	30.6	10.4	9.2	3.3	2.9	15.8	14.7
S Hotels & Resorts	SHR TB	BUY	2.78	4.80	73	292	58.6	19.6	15.6	1.1	3.1	0.6	0.6	9.2	7.5
Dusit Thani	DUSIT TB	BUY	11.40	18.00	58	284	189.5	39.6	3.9	1.2	5.7	2.3	2.2	41.3	31.9
Bound and Beyond	BEYOND TB	BUY	12.70	24.00	89	108	158.3	16.7	13.1	0.4	3.6	0.6	0.6	12.2	8.7
Thailand average						12,553	82.7	29.4	21.1	4.5	6.4	2.0	1.9	20.3	16.3
Regional															
Btg Hotels Group	600258 CH	n/a	19.82	n/a	n/a	3,099	28.7	20.1	16.8	7.2	9.5	2.0	1.8	12.8	10.4
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.88	n/a	n/a	5,935	9.6	6.7	5.6	8.4	11.0	0.8	0.7	14.7	11.8
Huangshan Tourism Dev.	900942 CH	n/a	0.75	n/a	n/a	1,119	12.5	9.6	8.6	7.2	9.0	0.9	0.8	10.8	9.1
Genting Bhd	GENT MK	n/a	4.20	n/a	n/a	3,562	15.4	10.8	9.3	3.9	4.7	0.5	0.5	6.1	5.5
Huazhu Group	HTHT US	n/a	41.44	n/a	n/a	13,207	29.8	24.6	20.4	27.5	24.7	8.2	6.5	16.9	14.2
Indian Hotels	IH IN	n/a	388.30	n/a	n/a	6,721	59.9	43.4	36.8	12.6	14.4	7.0	6.1	32.0	26.5
Lemon Tree Hotels	LEMONTRE IN	n/a	91.75	n/a	n/a	886	63.1	49.4	27.7	12.3	15.0	8.0	6.6	23.2	19.3
Lippo Karawaci	LPKR IJ	n/a	103.00	n/a	n/a	487	5.8	6.6	4.2	2.2	5.8	0.4	0.4	7.6	6.9
Regional average						35,015	28.1	21.4	16.2	10.2	11.7	3.5	2.9	15.5	12.9
Overall average						47,568	53.6	25.1	18.5	7.5	9.3	2.8	2.5	17.8	14.5

Sources: Bloomberg; FSSIA estimates

Financial Statements

Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,211	17,502	22,136	25,049	27,428
Cost of goods sold	(7,613)	(10,494)	(12,394)	(13,946)	(15,146)
Gross profit	3,598	7,008	9,742	11,103	12,282
Other operating income	-	-	-	-	-
Operating costs	(5,075)	(6,400)	(7,430)	(8,283)	(9,042)
Operating EBITDA	1,690	3,741	5,262	6,210	6,982
Depreciation	(3,167)	(3,133)	(2,950)	(3,390)	(3,743)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,477)	608	2,312	2,820	3,240
Net financing costs	(611)	(547)	(638)	(695)	(774)
Associates	(64)	(44)	(107)	13	58
Recurring non-operating income	208	491	446	626	707
Non-recurring items	45	0	0	0	0
Profit before tax	(1,835)	552	2,120	2,751	3,172
Tax	78	(138)	(267)	(467)	(623)
Profit after tax	(1,757)	414	1,853	2,284	2,549
Minority interests	24	(16)	(150)	(165)	(182)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,733)	398	1,703	2,119	2,368
Non-recurring items & goodwill (net)	(45)	0	0	0	0
Recurring net profit	(1,778)	398	1,703	2,119	2,368
Per share (THB)					
Recurring EPS *	(1.32)	0.29	1.26	1.57	1.75
Reported EPS	(1.28)	0.29	1.26	1.57	1.75
DPS	0.00	0.00	0.50	0.63	0.70
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
Growth					
Revenue (%)	(13.1)	56.1	26.5	13.2	9.5
Operating EBITDA (%)	1.8	121.3	40.7	18.0	12.4
Operating EBIT (%)	nm	nm	280.0	22.0	14.9
Recurring EPS (%)	nm	nm	327.8	24.4	11.8
Reported EPS (%)	nm	nm	327.8	24.4	11.8
Operating performance					
Gross margin inc. depreciation (%)	32.1	40.0	44.0	44.3	44.8
Gross margin exc. depreciation (%)	60.3	57.9	57.3	57.9	58.4
Operating EBITDA margin (%)	15.1	21.4	23.8	24.8	25.5
Operating EBIT margin (%)	(13.2)	3.5	10.4	11.3	11.8
Net margin (%)	(15.9)	2.3	7.7	8.5	8.6
Effective tax rate (%)	4.3	23.1	12.0	17.1	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(2.1)	2.0	4.3	5.0	5.1
Inventory days	62.8	43.9	35.5	29.7	30.2
Debtor days	21.4	21.2	24.7	30.2	36.1
Creditor days	186.5	152.0	115.6	92.3	93.8
Operating ROIC (%)	(4.6)	1.3	5.7	5.9	6.1
ROIC (%)	(3.3)	2.0	5.7	6.1	6.4
ROE (%)	(12.7)	2.2	8.8	10.1	10.6
ROA (%)	(2.9)	1.7	5.0	5.6	5.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Hotel revenue	2,070	5,935	9,067	11,067	12,607
F&B revenue	9,127	11,553	13,054	13,968	14,806
Rental income	14	14	14	14	14

Sources: Central Plaza Hotel; FSSIA estimates

Financial Statements

Central Plaza Hotel

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,778)	398	1,703	2,119	2,368
Depreciation	3,167	3,133	2,950	3,390	3,743
Associates & minorities	-	-	-	-	-
Other non-cash items	1,891	(248)	150	165	181
Change in working capital	109	54	(1,241)	(477)	(570)
Cash flow from operations	3,390	3,336	3,561	5,196	5,722
Capex - maintenance	(13,597)	(1,201)	(5,000)	(7,000)	(5,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,178)	(644)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(14,775)	(1,845)	(5,000)	(7,000)	(5,000)
Dividends paid	0	0	0	(681)	(847)
Equity finance	0	0	0	0	0
Debt finance	2,032	(1,754)	0	1,500	1,500
Other financing cash flows	9,974	45	(146)	(161)	(178)
Cash flow from financing	12,006	(1,709)	(146)	658	475
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	621	(218)	(1,585)	(1,146)	1,197
Free cash flow to firm (FCFF)	(10,667.15)	2,217.57	(629.27)	(967.23)	1,611.96
Free cash flow to equity (FCFE)	620.72	(217.80)	(1,584.84)	(464.76)	2,043.97
Per share (THB)					
FCFF per share	(7.90)	1.64	(0.47)	(0.72)	1.19
FCFE per share	0.46	(0.16)	(1.17)	(0.34)	1.51
Recurring cash flow per share	2.43	2.43	3.56	4.20	4.66
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	59,581	59,125	64,125	71,125	76,125
Less: Accumulated depreciation	(22,898)	(24,314)	(27,264)	(30,654)	(34,396)
Tangible fixed assets (net)	36,683	34,811	36,861	40,472	41,729
Intangible fixed assets (net)	360	360	360	360	360
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,921	4,565	4,565	4,565	4,565
Cash & equivalents	3,354	3,137	1,552	406	1,602
A/C receivable	801	1,227	1,766	2,376	3,044
Inventories	748	1,024	811	906	979
Other current assets	829	927	1,069	1,210	1,325
Current assets	5,732	6,315	5,198	4,898	6,950
Other assets	1,896	2,115	2,115	2,115	2,115
Total assets	48,593	48,166	49,099	52,409	55,719
Common equity	18,076	18,518	20,221	21,658	23,179
Minorities etc.	355	373	376	380	384
Total shareholders' equity	18,432	18,891	20,597	22,039	23,563
Long term debt	22,265	21,671	21,671	23,171	24,671
Other long-term liabilities	2,939	2,952	2,952	2,952	2,952
Long-term liabilities	25,203	24,623	24,623	26,123	27,623
A/C payable	2,669	3,460	2,521	2,818	3,044
Short term debt	1,970	809	809	809	809
Other current liabilities	319	383	549	621	680
Current liabilities	4,958	4,652	3,878	4,248	4,533
Total liabilities and shareholders' equity	48,593	48,166	49,099	52,409	55,719
Net working capital	(611)	(665)	577	1,053	1,624
Invested capital	42,250	41,186	44,478	48,565	50,393
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	13.39	13.72	14.98	16.04	17.17
Tangible book value per share	13.12	13.45	14.71	15.78	16.90
Financial strength					
Net debt/equity (%)	113.3	102.4	101.6	107.0	101.3
Net debt/total assets (%)	43.0	40.2	42.6	45.0	42.9
Current ratio (x)	1.2	1.4	1.3	1.2	1.5
CF interest cover (x)	2.0	0.6	(1.5)	0.3	3.6
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(34.5)	154.3	36.1	29.0	25.9
Recurring P/E @ target price (x) *	(41.8)	186.5	43.6	35.0	31.4
Reported P/E (x)	(35.4)	154.3	36.1	29.0	25.9
Dividend yield (%)	-	-	1.1	1.4	1.5
Price/book (x)	3.4	3.3	3.0	2.8	2.7
Price/tangible book (x)	3.5	3.4	3.1	2.9	2.7
EV/EBITDA (x) **	48.9	21.7	15.7	13.7	12.3
EV/EBITDA @ target price (x) **	56.5	25.1	18.2	15.8	14.1
EV/invested capital (x)	2.0	2.0	1.9	1.8	1.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Central Plaza Hotel; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

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

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

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

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

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

AGM Checklist by the Thai Investors Association (TIA)²

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclaimer:

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

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

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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
Central Plaza Hotel	CENTEL TB	THB 45.50	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.
Asset World Corp	AWC TB	THB 4.50	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, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 32.75	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 4.64	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 2.78	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 11.40	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 12.70	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 18-Jul-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.