

MINOR INTERNATIONAL

MINT TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

Potential 2Q23 record high core profit

- Expect NH Hotel's core profit to hit a new record high of EUR79m and boost MINT's core profit up to THB2.9b in 2Q23.
- Strong earnings to continue in 3Q23; strong cash flow indicates the ability to repay debt.
- Maintain BUY with a higher DCF-TP of THB43/shr.

TARGET PRICE	THB43.00
CLOSE	THB31.75
UP/DOWNSIDE	+35.4%
PRIOR TP	THB40.00
CHANGE IN TP	+7.5%
TP vs CONSENSUS	+9.1%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	119,364	142,783	150,610	157,665
Net profit	4,286	6,479	7,357	8,186
EPS (THB)	0.82	1.16	1.28	1.42
vs Consensus (%)	-	18.7	(4.9)	(11.7)
EBITDA	28,886	35,710	37,789	40,226
Recurring net profit	2,017	6,479	7,357	8,186
Core EPS (THB)	0.35	1.13	1.28	1.42
Chg. In EPS est. (%)	-	17.9	4.4	2.5
EPS growth (%)	nm	221.2	13.6	11.3
Core P/E (x)	90.6	28.2	24.8	22.3
Dividend yield (%)	-	1.2	1.4	1.5
EV/EBITDA (x)	12.5	10.2	10.2	9.3
Price/book (x)	2.3	2.0	2.7	2.5
Net debt/Equity (%)	222.9	175.0	235.2	202.9
ROE (%)	2.9	8.2	9.5	11.5

Expect NH Hotel's 2Q23 core profit to exceed pre-Covid by 48%

We expect NH Hotel Group (NHH SM)'s RevPAR to grow by 25% y-y in 2Q23 and exceed pre-Covid by 35% thanks to the high season, with an estimated OCC rate of 72% (vs 69% in 2Q22 and 75% in 2Q19) and an ADR of EUR154 (vs EUR128 in 2Q22 and EUR110 in 2Q19). Overall, we estimate NHH's 2Q23 revenue to rise 18% y-y and exceed pre-Covid by 28%, while we expect its EBITDA margin to improve to 35.4% (vs 34.9% in 2Q22 and 37.0% in 2Q19). This would lead to a record high core profit of EUR79m (vs previous high of EUR64m in 2Q22 and EUR53m in 2Q19), implying a cTHB2.8b profit contribution to MINT in 2Q23.

Non-NHH to deliver slim core profit in 2Q23 due to low season

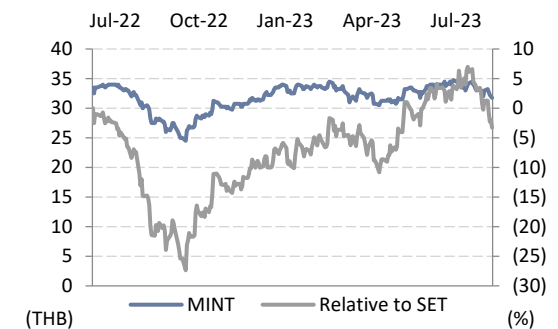
Thai hotels' RevPAR should jump 79% y-y in 2Q23 and exceed the pre-Covid level by 2%. On a negative note, Maldives hotels' RevPAR should drop 20% y-y, below the pre-Covid level by 15%, due to high competition and more hotel supply. For the food business, we expect SSSG for the Thai and China hubs at 8% y-y and 40% y-y, respectively, due to a dine-in sales recovery. We expect the 2Q23 food EBITDA margin to rise to 22% (vs 17% in 2Q22). As a result, we estimate a non-NHH core profit of THB0.1b (vs THB0.3b in 2Q19). Overall, we forecast MINT's 2Q23 core profit to grow to THB2.9b (vs THB1.2b in 2Q22 and THB2.1b in 2Q19).

European hotels to remain strong in 3Q23

We expect the strong European hotel performance to continue in 3Q23. European hotels are still in the high tourism season. However, there may be a slight drop q-q due to lower MICE activities. On a positive note, we expect Thai and Maldives hotels to improve q-q, given that normally 2Q is their lowest tourism season. In addition, MINT currently generates EBITDA of up to THB10.0b/quarter, and it should use some to repay its debt (THB110b as of 1Q23), leading to lower interest expenses.

Revising up core earnings; 2Q23 profit is share price catalyst

We revise up 2023-25E core profit by 3-18% to reflect the strong ADR outlook of European hotels, and derive a 2024 DCF-TP of THB43. MINT is trading at attractive valuations of 28x/25x 2023E/2024E P/E (vs its five-year average of 30x and peers' average of 29x 2024E P/E). A share price catalyst would be a strong 2Q23 core profit with the scope of an upside to hit a quarterly record high (vs current record high of THB2.91b in 4Q19).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.6)	2.4	(4.5)
Relative to country (%)	(9.1)	4.4	(3.4)
Mkt cap (USD m)	5,044		
3m avg. daily turnover (USD m)	16.9		
Free float (%)	63		
Major shareholder	Minor Holdings (Thai) (16%)		
12m high/low (THB)	35.00/24.10		
Issued shares (m)	5,754.62		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

MINT’s earnings are now in a recovery mode. We expect core profit to continue to grow in 2023 led by Thai and European hotels and the food business.

NH Hotels should continue to deliver strong performance. We expect a recovery in business travel and pent-up demand from long-haul travellers to be the key growth drivers in 2023, which should offset rising staff costs and the potential for further interest rate hikes.

We expect MINT’s core profit to return to the pre-Covid level by 2024, with a potential upside from an improved EBITDA margin following cost-saving measures which should permanently reduce some expenses.

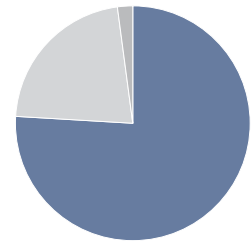
Company profile

MINT is one of the largest hospitality and leisure companies in the Asia-Pacific region.

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Principal activities (revenue, 2022)

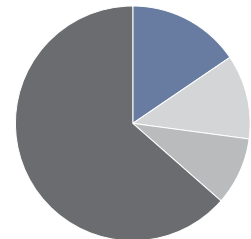
- Hotel & Mixed-use - 75.9 %
- F&B revenue - 22.0 %
- Retail revenue - 2.1 %



Source: Minor International

Major shareholders

- Minor Holdings (Thai) - 15.5 %
- Thai NVDR - 11.6 %
- Niti Osathanugrah - 9.4 %
- Others - 63.5 %



Source: Minor International

Catalysts

Key potential growth drivers include 1) a faster occupancy rate ramp-up following the global tourism recovery; 2) improving consumption and economic growth resulting in strong SSSG; and 3) the return of Chinese tourists which should drive demand for Thai and Maldives hotels.

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 rooms (no.)	55,364	55,364	55,630
- Occupancy rate (OCC)	66	69	70
- RevPAR growth	22	6	4
Food business			
- Number of outlets (no.)	2,658	2,737	2,819
- Same-Store Sales Growth (SSSG)	7	2	2
- Total System Sales Growth (TSSG)	12	5	5

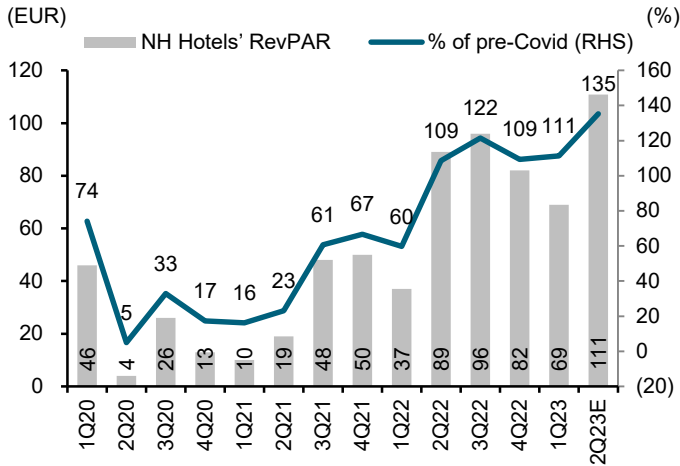
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC, we project a 2023 profit increase of 5%, and vice versa, all else being equal.
- For every 1% increase in SSSG, we project a 2023 profit increase of 1%, and vice versa, all else being equal.

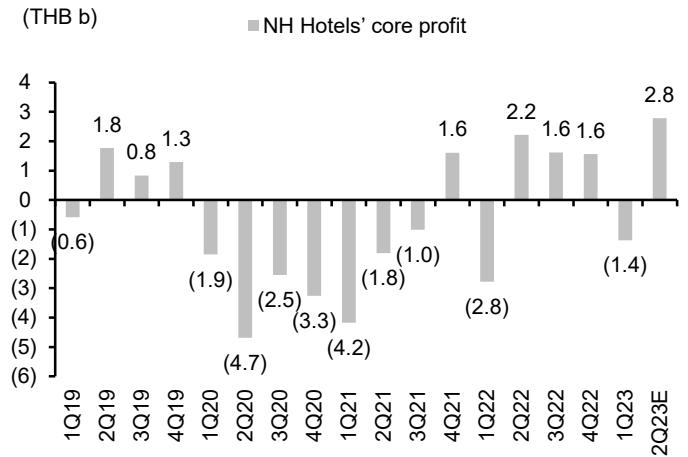
Source: FSSIA estimates

Exhibit 1: NHH's RevPAR



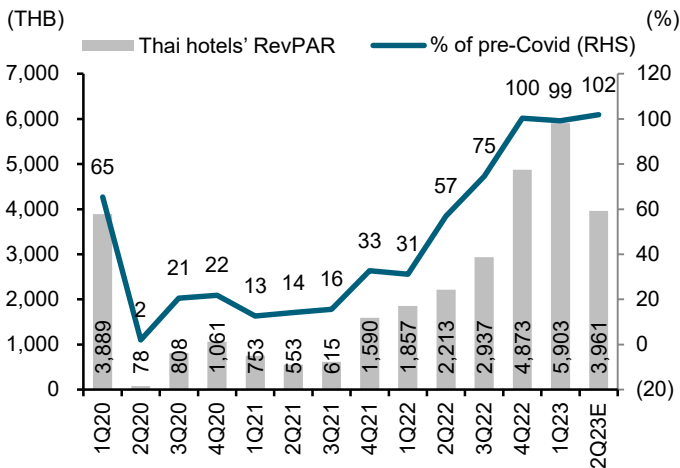
Source: NHH; MINT; FSSIA estimates

Exhibit 2: NHH's core profit contribution to MINT



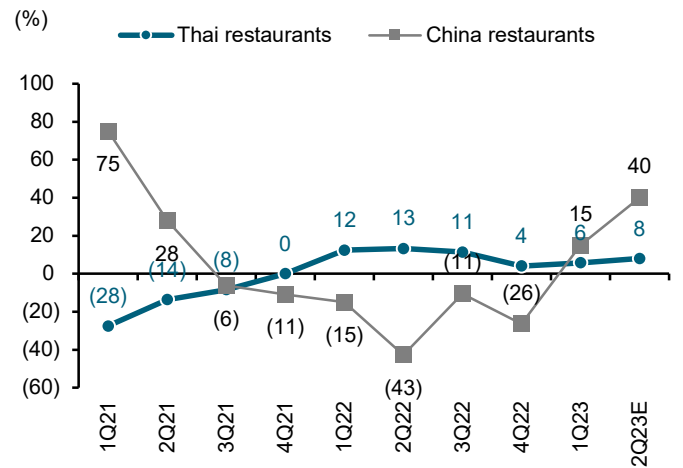
Note: Based on the 94% stake that MINT holds in NHH
Source: NHH; MINT; FSSIA estimates

Exhibit 3: RevPAR at Thai hotels



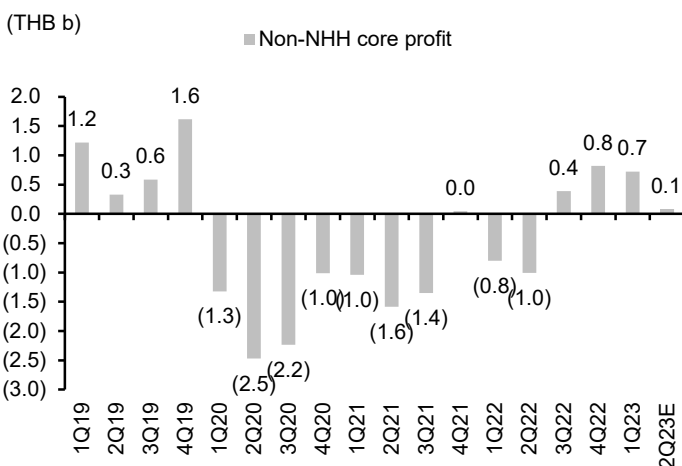
Source: MINT; FSSIA estimates

Exhibit 4: Food business SSSG in Thailand and China



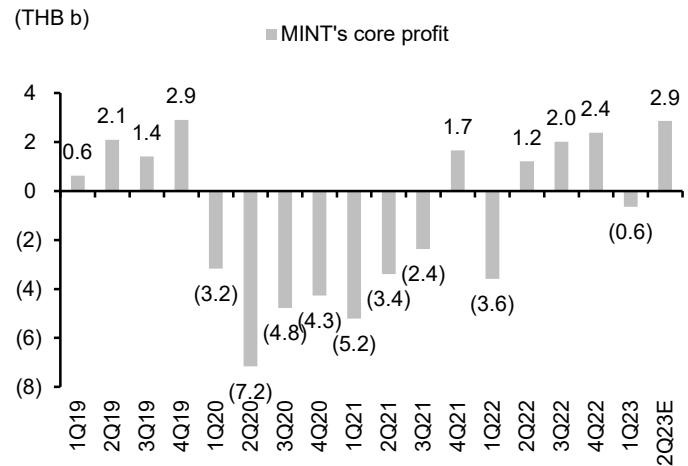
Source: MINT; FSSIA estimates

Exhibit 5: Non-NHH core profit



Source: MINT; FSSIA estimates

Exhibit 6: MINT's core profit



Source: MINT; FSSIA estimates

Exhibit 7: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	31,423	33,567	34,743	31,246	37,747	21	20	142,783
-Hotel & Mixed-use	24,770	25,893	27,014	23,357	29,924	28	21	110,549
-Restaurant	6,066	7,035	6,989	7,312	7,219	(1)	19	29,336
-Retail	587	639	741	577	604	5	3	2,899
COGS (incl. depreciation)	(17,064)	(18,240)	(18,859)	(18,483)	(19,629)	6	15	(77,809)
Gross profit	14,359	15,327	15,884	12,763	18,119	42	26	64,974
SG&A	(10,797)	(11,293)	(10,886)	(11,941)	(12,538)	5	16	(49,525)
Operating profit	3,562	4,035	4,999	822	5,581	579	57	15,449
Net other income	720	986	457	695	709	2	(2)	3,090
Dividend income	0	0	2	0	1			0
Interest income	174	238	302	277	277	0	59	459
Interest expense	(2,157)	(2,289)	(2,501)	(2,434)	(2,531)	4	17	(10,027)
Pretax profit	2,300	2,969	3,259	(640)	4,037	(731)	76	8,972
Income Tax	(812)	(963)	(724)	(232)	(1,143)	392	41	(2,422)
Associates	(137)	171	46	261	209	(20)	(253)	579
Minority interest	(140)	(168)	(203)	(35)	(224)	534	60	(650)
Core profit	1,210	2,010	2,379	(647)	2,878	(545)	138	6,479
Extraordinaries, GW & FX	351	2,598	(468)	(329)		(100)	(100)	
Reported net profit	1,561	4,608	1,911	(976)	2,878	(395)	84	6,479
								0
Shares out (end Q, m)	5,257	5,258	5,259	5,259	5,259	0	0	5,259
Core EPS	0.2	0.4	0.5	(0.1)	0.5	(545)	138	1.1
EPS	0.3	0.9	0.4	(0.2)	0.5	(395)	84	1.1
COGS (excl. depreciation)	(12,176)	(13,358)	(14,045)	(13,665)	(14,448)	6	19	(57,549)
Depreciation	(4,888)	(4,882)	(4,814)	(4,818)	(5,181)	8	6	(20,260)
EBITDA	9,208	10,312	10,620	6,872	11,957	74	30	35,710
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	46	46	46	41	48	7	2	46
SG&A/Revenue	34	34	31	38	33	(5)	(1)	35
Hotel EBITDA margin	31	32	32	21	33	12	2	28
Food EBITDA margin	17	21	22	22	22	0	5	22
Retail EBITDA margin	20	22	15	13	13	0	(7)	13
Total EBITDA margin	28	30	30	21	31	10	3	25
Net profit margin	5	13	5	(3)	7	10	3	4
Operating stat								
Owned & leased RevPAR (y-y %)								
Total	334	96	66	87	26			
Thailand	300	378	206	218	79			
Maldives	38	8	(11)	(15)	(20)			
Europe & The Americas (NHH)	368	100	64	86	25			
SSSG (y-y %)								
Total	8	17	4	11	8			
Thailand	13	11	4	6	8			
China	(43)	(11)	(26)	15	40			
TSSG (y-y %)								
Total	13	41	17	20	19			
Thailand	26	51	20	20	18			
China	(52)	0	(20)	20	100			

Sources: MINT; FSSIA estimates

Forecast and TP revisions

We revise up our 2023 core profit assumption by 18% to reflect the strong ADR outlook of European hotels. We lift the 2023E ADR of NHH from EUR126 to EUR137, exceeding the pre-Covid level of EUR103 by 34%. The higher ADR should also lead to a higher EBITDA margin.

We forecast NHH's revenue to exceed the pre-Covid level by 29% this year. Thus, we estimate a core profit of EUR134m for NHH in 2023 (vs EUR103m in 2019). This implies a cTHB4.6b profit contribution to MINT in 2023.

We estimate a non-NHH core profit of THB1.9b in 2023, improving from a THB0.6b core loss in 2022. However, it would still be below the 2019 value of THB3.7b, as Thai hotels are in the beginning of the recovery stage and interest expenses are higher compared to pre-Covid due to larger interest-bearing debt and a higher interest rate.

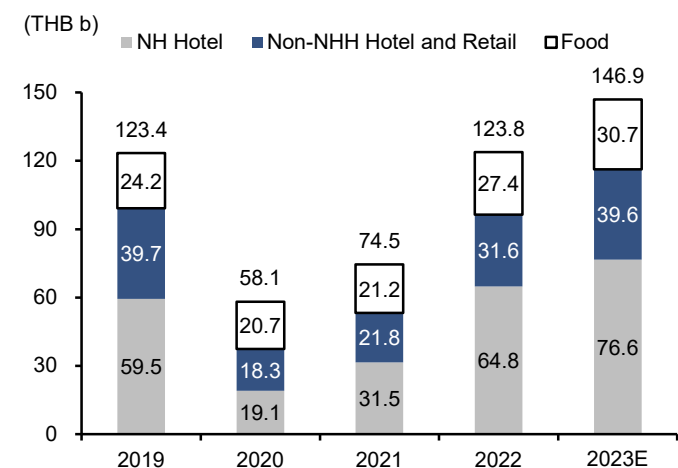
We also revise up our 2024-25 core profit assumptions by 3-4% to reflect the promising ADR outlook. We expect MINT's 2024 core profit to surpass the pre-Covid level of THB7.1b. We roll forward our DCF valuation base to 2024 and derive a new TP of THB43/shr. Our new TP implies 34x 2024E P/E compared to its five-year average of 30x.

Exhibit 8: Changes in key assumptions

	Current			Previous			Change (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Hotel - OCC (%)	66	69	70	69	71	72	(3.0)	(2.0)	(2.0)
Hotel - RevPAR (THB)	3,700	3,912	4,094	3,673	3,853	4,031	0.7	1.5	1.5
Food - SSSG (%)	7	2	2	7	2	2	-	-	-
Food - TSSG (%)	12	5	5	12	5	5	-	-	-
Revenue (THB b)	142.8	150.6	157.7	140.8	148.3	155.7	1.4	1.5	1.3
EBITDA margin (%)	25.0	25.1	25.5	24.4	24.5	25.0	0.6	0.6	0.5
Core earnings (THB b)	6.5	7.4	8.2	5.5	7.0	8.0	17.9	4.4	2.5

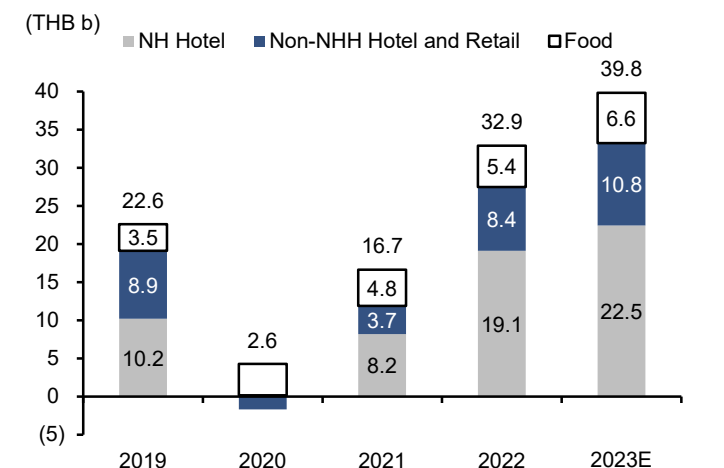
Note: Change of items in percentage terms is represented in ppt change
Source: FSSIA estimates

Exhibit 9: Revenue forecast breakdown



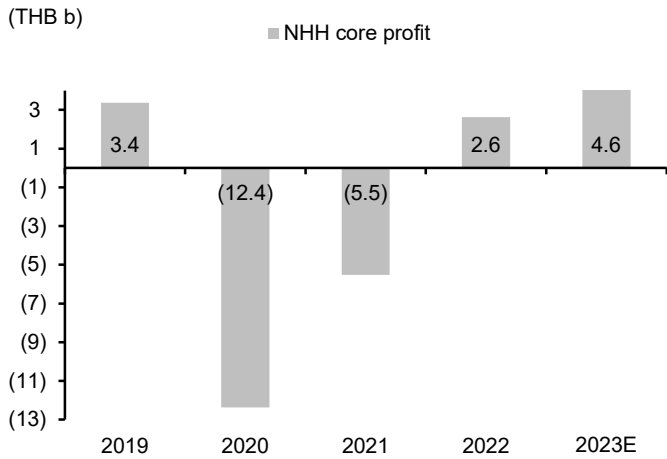
Note: Revenue includes share income and other income
Sources: NHH; MINT; FSSIA estimates

Exhibit 10: EBITDA forecast breakdown



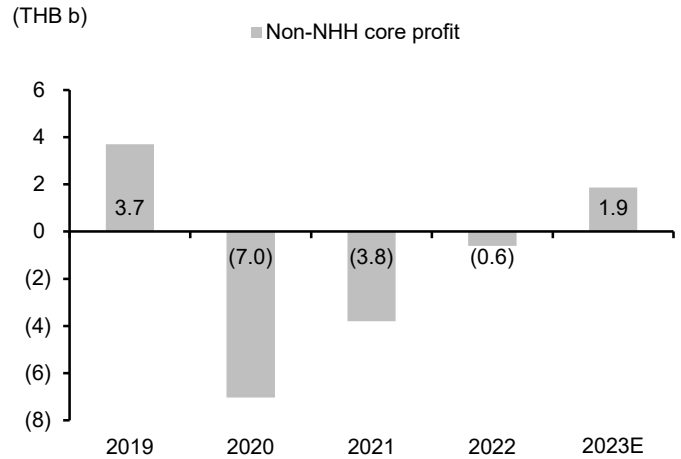
Note: 1) Revenue includes share income and other income; 2) EBITDA in 2019 excludes TFRS-16 accounting standard
Sources: NHH; MINT; FSSIA estimates

Exhibit 11: NHH's annual core profit contribution to MINT



Note: Based on the 94% stake that MINT holds in NHH
 Source: NHH; MINT; FSSIA estimates

Exhibit 12: Annual non-NHH core profit



Sources: MINT; FSSIA estimates

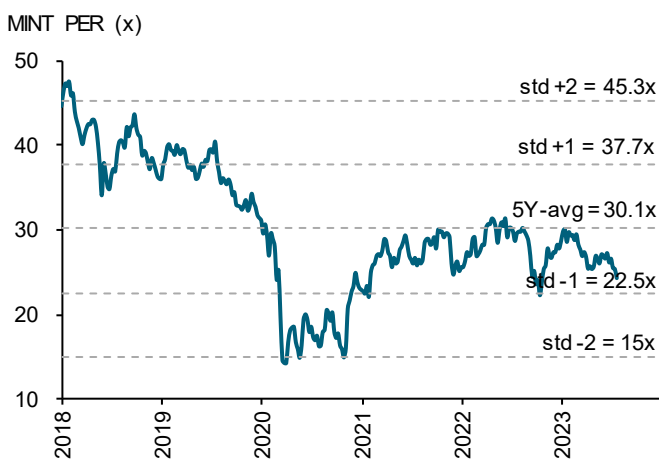
Exhibit 13: DCF valuation

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	1.3		
Cost of equity, Ke	13.3	Net cost of debt, Kd	3.2
Weight applied	50.0	Weight applied	50.0
WACC		8.3	

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	173.0	30.1	WACC 8.3%, risk-free rate 3%, risk premium 8%
Terminal value	261.9	45.5	Terminal growth 2.5%
Cash & liquid assets	8.6	1.5	At end-2024E
Investments	16.2	2.8	At end-2024E
Debt	(199.1)	(34.6)	At end-2024E
Minorities	(13.0)	(2.3)	At end-2024E
Residual ordinary equity	247.6	43.0	

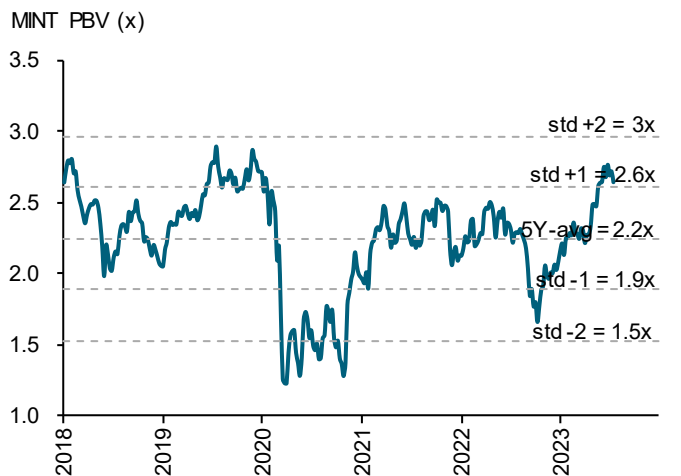
Source: FSSIA estimates

Exhibit 14: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peer comparisons as of 21 July 2023

Company	BBG	Rec	Share price			Market cap (USD m)	PE			ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand															
Asset World Corp	AWC TB	BUY	4.40	6.80	55	4,090	66.8	38.2	34.3	2.5	4.1	1.6	1.5	36.6	26.6
Minor International	MINT TB	BUY	31.75	43.00	35	5,044	28.2	24.8	22.3	8.2	9.5	2.0	2.7	10.2	10.2
Central Plaza Hotel	CENTEL TB	BUY	44.50	55.00	24	1,745	35.3	28.4	25.4	8.8	10.1	3.0	2.8	15.5	13.5
Erawan Group	ERW TB	BUY	4.46	5.70	28	587	32.5	33.5	29.4	10.4	9.2	3.2	2.8	15.4	14.3
S Hotels & Resorts	SHR TB	BUY	2.78	4.80	73	290	58.6	19.6	15.6	1.1	3.1	0.6	0.6	9.2	7.5
Dusit Thani	DUSIT TB	BUY	11.60	18.00	55	286	192.9	40.3	4.0	1.2	5.7	2.4	2.3	41.6	32.1
Bound and Beyond	BEYOND TB	BUY	13.00	24.00	85	110	162.0	17.1	13.4	0.4	3.6	0.6	0.6	12.3	8.8
Thailand average						12,151	82.3	28.8	20.6	4.6	6.5	1.9	1.9	20.1	16.2
Regional															
Btg Hotels Group	600258 CH	n/a	19.75	n/a	n/a	3,068	28.7	20.2	17.0	7.2	9.3	2.0	1.8	12.2	9.8
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.90	n/a	n/a	6,066	10.0	6.8	5.6	8.2	11.1	0.8	0.7	15.2	11.8
Huangshan Tourism Dev.	900942 CH	n/a	0.75	n/a	n/a	1,111	12.5	9.6	8.6	7.2	9.0	0.9	0.8	10.7	9.0
Genting Bhd	GENT MK	n/a	4.21	n/a	n/a	3,540	15.9	11.0	9.4	3.8	4.7	0.5	0.5	6.1	5.5
Huazhu Group	HTHT US	n/a	41.46	n/a	n/a	13,213	29.9	24.7	20.5	27.5	24.7	8.2	6.5	17.1	14.2
Indian Hotels	IH IN	n/a	393.75	n/a	n/a	6,809	60.6	43.8	37.2	12.6	14.4	7.1	6.2	32.4	26.7
Lemon Tree Hotels	LEMONTRE IN	n/a	91.65	n/a	n/a	883	62.8	49.1	27.6	12.3	15.0	7.9	6.6	23.1	19.3
Lippo Karawaci	LPKR IJ	n/a	101.00	n/a	n/a	486	5.8	6.6	4.2	2.2	5.8	0.4	0.4	7.6	6.9
Regional average						35,176	28.3	21.5	16.2	10.1	11.7	3.5	2.9	15.5	12.9
Overall average						47,327	53.5	24.9	18.3	7.6	9.3	2.8	2.4	17.7	14.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

Minor International

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	68,251	119,364	142,783	150,610	157,665
Cost of goods sold	(47,417)	(67,753)	(77,809)	(82,166)	(85,816)
Gross profit	20,834	51,610	64,974	68,444	71,849
Other operating income	-	-	-	-	-
Operating costs	(31,188)	(41,999)	(49,525)	(51,938)	(54,056)
Operating EBITDA	9,588	28,886	35,710	37,789	40,226
Depreciation	(19,942)	(19,275)	(20,260)	(21,283)	(22,432)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(10,354)	9,612	15,449	16,506	17,793
Net financing costs	(7,484)	(8,138)	(9,567)	(9,455)	(9,535)
Associates	(209)	136	579	666	700
Recurring non-operating income	5,888	3,133	3,669	3,849	3,978
Non-recurring items	(3,852)	2,269	0	0	0
Profit before tax	(15,802)	6,877	9,551	10,900	12,237
Tax	1,627	(2,354)	(2,422)	(2,763)	(3,115)
Profit after tax	(14,175)	4,523	7,129	8,137	9,122
Minority interests	1,009	(236)	(650)	(780)	(936)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(13,167)	4,286	6,479	7,357	8,186
Non-recurring items & goodwill (net)	3,852	(2,269)	0	0	0
Recurring net profit	(9,315)	2,017	6,479	7,357	8,186
Per share (THB)					
Recurring EPS *	(1.79)	0.35	1.13	1.28	1.42
Reported EPS	(2.53)	0.82	1.16	1.28	1.42
DPS	0.00	0.00	0.39	0.43	0.48
Diluted shares (used to calculate per share data)	5,214	5,755	5,755	5,755	5,755
Growth					
Revenue (%)	22.2	74.9	19.6	5.5	4.7
Operating EBITDA (%)	1,850.7	201.3	23.6	5.8	6.4
Operating EBIT (%)	nm	nm	60.7	6.8	7.8
Recurring EPS (%)	nm	nm	221.2	13.6	11.3
Reported EPS (%)	nm	nm	41.8	10.4	11.3
Operating performance					
Gross margin inc. depreciation (%)	30.5	43.2	45.5	45.4	45.6
Gross margin exc. depreciation (%)	59.7	59.4	59.7	59.6	59.8
Operating EBITDA margin (%)	14.0	24.2	25.0	25.1	25.5
Operating EBIT margin (%)	(15.2)	8.1	10.8	11.0	11.3
Net margin (%)	(13.6)	1.7	4.5	4.9	5.2
Effective tax rate (%)	13.9	52.6	27.0	27.0	27.0
Dividend payout on recurring profit (%)	-	-	35.0	34.0	34.0
Interest cover (X)	(0.6)	1.6	2.0	2.2	2.3
Inventory days	47.6	27.9	26.0	26.5	26.7
Debtor days	72.0	48.5	47.2	50.1	49.6
Creditor days	223.9	151.3	135.0	128.1	129.1
Operating ROIC (%)	(3.1)	1.6	4.1	4.4	4.8
ROIC (%)	(1.2)	1.9	4.6	4.8	5.2
ROE (%)	(13.8)	2.9	8.2	9.5	11.5
ROA (%)	(1.1)	1.7	3.9	4.2	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel & Mixed-use	45,160	90,644	110,549	116,821	122,247
F&B revenue	20,321	26,213	29,336	30,802	32,343
Retail revenue	2,770	2,507	2,899	2,986	3,076

Sources: Minor International; FSSIA estimates

Financial Statements

Minor International

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(9,315)	2,017	6,479	7,357	8,186
Depreciation	19,942	19,275	20,260	21,283	22,432
Associates & minorities	-	-	-	-	-
Other non-cash items	(5,186)	(1,997)	650	780	936
Change in working capital	6,605	2,644	(8,805)	(551)	717
Cash flow from operations	12,046	21,939	18,584	28,869	32,271
Capex - maintenance	(27,042)	(5,900)	(17,000)	(20,000)	(17,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(197)	(1)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(27,238)	(5,902)	(17,000)	(20,000)	(17,000)
Dividends paid	0	0	0	(2,203)	(2,501)
Equity finance	(453)	(514)	9,276	(23,932)	0
Debt finance	(5,883)	(17,932)	(5,000)	(3,000)	(10,000)
Other financing cash flows	20,436	278	0	0	0
Cash flow from financing	14,101	(18,168)	4,276	(29,135)	(12,501)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,092)	(2,130)	5,860	(20,266)	2,769
Free cash flow to firm (FCFF)	(7,074.20)	25,040.43	11,610.44	18,900.53	24,976.94
Free cash flow to equity (FCFE)	(638.87)	(1,616.77)	(3,416.23)	5,869.24	5,270.65

Per share (THB)

FCFF per share	(1.23)	4.35	2.02	3.28	4.34
FCFE per share	(0.11)	(0.28)	(0.59)	1.02	0.92
Recurring cash flow per share	1.04	3.68	4.90	5.11	5.48

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	392,452	381,640	398,640	418,640	435,640
Less: Accumulated depreciation	(104,820)	(107,248)	(127,508)	(148,791)	(171,224)
Tangible fixed assets (net)	287,632	274,392	271,132	269,848	264,416
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	16,249	16,250	16,250	16,250	16,250
Cash & equivalents	25,097	22,966	28,826	8,560	11,330
A/C receivable	14,638	17,052	19,908	21,414	21,414
Inventories	3,490	3,909	4,290	4,539	4,725
Other current assets	5,602	6,369	6,711	7,079	7,410
Current assets	48,827	50,296	59,735	41,592	44,879
Other assets	16,926	17,272	17,272	17,272	17,272
Total assets	369,633	358,210	364,388	344,962	342,817
Common equity	68,023	71,059	86,814	68,036	73,720
Minorities etc.	11,470	11,550	12,200	12,980	13,916
Total shareholders' equity	79,492	82,609	99,014	81,016	87,636
Long term debt	224,576	207,126	202,126	199,126	189,126
Other long-term liabilities	38,610	35,759	35,759	35,759	35,759
Long-term liabilities	263,187	242,885	237,885	234,885	224,885
A/C payable	18,394	21,807	20,768	21,971	22,873
Short term debt	482	0	0	0	0
Other current liabilities	8,079	10,910	6,722	7,091	7,423
Current liabilities	26,954	32,716	27,490	29,061	30,296
Total liabilities and shareholders' equity	369,633	358,210	364,388	344,962	342,817
Net working capital	(2,742)	(5,386)	3,419	3,970	3,253
Invested capital	318,064	302,527	308,073	307,340	301,191

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

Per share (THB)

Book value per share	13.05	13.54	15.52	11.82	12.81
Tangible book value per share	13.05	13.54	15.52	11.82	12.81

Financial strength

Net debt/equity (%)	251.5	222.9	175.0	235.2	202.9
Net debt/total assets (%)	54.1	51.4	47.6	55.2	51.9
Current ratio (x)	1.8	1.5	2.2	1.4	1.5
CF interest cover (x)	0.9	0.8	0.6	1.6	1.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(17.8)	90.6	28.2	24.8	22.3
Recurring P/E @ target price (x) *	(24.1)	122.7	38.2	33.6	30.2
Reported P/E (x)	(12.6)	38.9	27.4	24.8	22.3
Dividend yield (%)	-	-	1.2	1.4	1.5
Price/book (x)	2.4	2.3	2.0	2.7	2.5
Price/tangible book (x)	2.4	2.3	2.0	2.7	2.5
EV/EBITDA (x) **	39.3	12.5	10.2	10.2	9.3
EV/EBITDA @ target price (x) **	45.4	14.6	11.9	11.9	10.9
EV/invested capital (x)	1.2	1.2	1.2	1.3	1.2

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

Sources: Minor International; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

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

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

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

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

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

AGM Checklist by the Thai Investors Association (TIA) ²

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

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

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

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

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

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

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

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

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

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

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

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

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

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

Disclaimer:

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

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

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Minor International	MINT TB	THB 31.75	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.
Asset World Corp	AWC TB	THB 4.40	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.
Central Plaza Hotel	CENTEL TB	THB 44.50	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 4.46	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 11.60	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 13.00	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 21-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.