

THE ERWAN GROUP

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THAILAND / TOURISM & LEISURE

BUY

UNCHANGED

รายงานผลประกอบการ 2Q23

ERW รายงานกำไรปกติ 2Q ที่สูงที่สุดที่ 133 ลบ. ใน 2Q23 สูงกว่าคาด

TARGET PRICE	THB5.70
CLOSE	THB4.82
UP/DOWNSIDE	+18.3%
TP vs CONSENSUS	+1.1%

Highlights

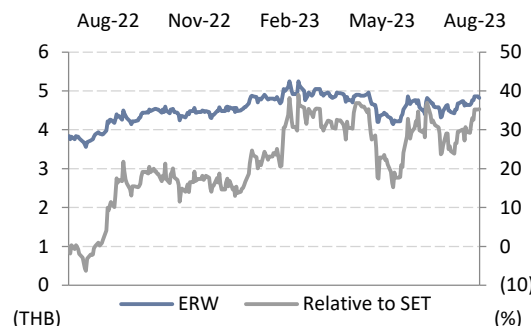
- ERW รายงานกำไรปกติ 2Q23 อยู่ที่ 133 ลบ. นับเป็นกำไร 2Q (ซึ่งเป็นฤดูการท่องเที่ยวที่ชวชช) ที่ดีที่สุด กำไรดังกล่าวปรับตัวดีขึ้นอย่างมีนัยสำคัญจาก 11 ลบ. ใน 2Q19 ผลประกอบการสูงกว่าที่เราคาดไว้ที่ 93 ลบ. จากส่วนแบ่งกำไรที่สูงเกินคาดจาก Erawan Hotel Growth Property Fund (ERWPF TB, NR; 21 ลบ. ใน 2Q23 เทียบกับ 3 ลบ. ใน 1Q23) และ EBITDA margin ที่สูงเกินคาด
- เมื่อรวมการกลับรายการด้อยค่าของสินทรัพย์ทางการเงินจำนวน 9 ลบ. กำไรสุทธิ 2Q23 อยู่ที่ 142 ลบ.
- แม้ว่าจะอยู่ในฤดูการท่องเที่ยวที่ชวชช รายได้กลับลดลงเพียง 7% q-q เนื่องจาก RevPAR ของโรงแรมที่ไม่ใช่ Hop Inn ลดลง 9% q-q พร้อมอัตราการเข้าพัก (OCC rate) ที่ 80% (เทียบกับ 84% ใน 1Q23) และสูงกว่าระดับก่อนโควิดอยู่ 37% ในขณะที่ RevPAR ของโรงแรมหรูสูงกว่าระดับก่อนโควิด 36%
- สำหรับโรงแรม Hop Inn ในประเทศไทย RevPAR ทรงตัว q-q พร้อม OCC rate ที่ 81% (เทียบกับ 81% ใน 1Q23) และสูงกว่าระดับก่อนโควิด 21% Hop Inn ในฟิลิปปินส์ รายงาน RevPAR ทรงตัว q-q และสูงกว่าระดับก่อนโควิด 8%
- EBITDA margin ลดลงเหลือ 29% ใน 2Q23 (เทียบกับ 32% ใน 1Q23) อย่างไรก็ตาม ตัวเลขปรับตัวดีขึ้นเมื่อเทียบกับระดับก่อนโควิดที่ 23% นำโดยผลประกอบการที่ดีของ โรงแรมที่ไม่ใช่ Hop Inn
- กำไรปกติ 1H23 ที่ 357 ลบ. คิดเป็น 57% ของประมาณการกำไรปี 2023 ของเรา

Outlook

- เราคาดว่าภาระดำเนินงานจะปรับตัวดีขึ้นต่อเนื่องในช่วง 2H23 โดยได้ปัจจัยผลักดันจากการฟื้นตัวในระดับสูงของนักท่องเที่ยวต่างชาติ ผู้บริหารปรับเพิ่มเป้าการเติบโตของรายได้ปี 2023 ขึ้นจาก 45% เป็น 50% และเป้า OCC rate จาก 75-80% เป็น 78-80

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,629	6,953	7,463	7,944
Net profit	(224)	622	652	741
EPS (THB)	(0.05)	0.14	0.13	0.15
vs Consensus (%)	-	15.7	(16.1)	(12.8)
EBITDA	969	2,086	2,254	2,407
Recurring net profit	(278)	622	652	741
Core EPS (THB)	(0.06)	0.14	0.13	0.15
EPS growth (%)	nm	nm	(2.9)	13.6
Core P/E (x)	(78.5)	35.1	36.2	31.8
Dividend yield (%)	-	1.1	1.1	1.3
EV/EBITDA (x)	35.7	16.2	15.1	13.9
Price/book (x)	3.8	3.5	3.0	2.8
Net debt/Equity (%)	222.0	187.5	132.7	118.5
ROE (%)	(4.7)	10.4	9.2	9.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.6	3.9	23.6
Relative to country (%)	7.4	6.7	31.8
Mkt cap (USD m)	617		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	58		
Major shareholder	Chottanavat (17%)		
12m high/low (THB)	5.30/3.50		
Issued shares (m)	4,531.56		

Sources: Bloomberg consensus; FSSIA estimates



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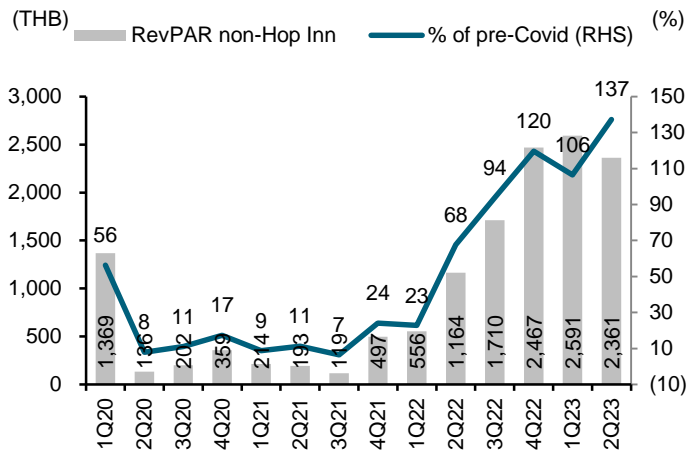
บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 16 สิงหาคม 2023

Exhibit 1: ERW – 2Q23 operations summary

	2Q22	3Q22	4Q22	1Q23	2Q23	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	974	1,283	1,733	1,753	1,623	(7)	67	6,953
- Thailand non-Hop Inn	743	1,014	1,411	1,409	1,282	(9)	73	
- Hop Inn Thailand	156	165	190	211	208	(1)	33	
- Hop Inn Phil	61	90	116	117	117	0	92	
- Rental	13	15	16	17	17	0	31	
COGS (Incl. depreciation)	(735)	(827)	(973)	(993)	(948)	(4)	29	(4,050)
Gross Profit	239	456	759	760	675	(11)	182	2,903
SG&A	(311)	(362)	(450)	(434)	(441)	2	42	(1,738)
Operating Profit	(71)	94	309	326	234	(28)	427	1,165
Other income	12	6	14	21	18	(14)	58	44
Interest	(111)	(114)	(122)	(135)	(143)	6	30	(478)
Pretax profit	(170)	(13)	201	213	109	(49)	164	731
Income Tax	7	5	6	6	5	(13)		(51)
Associates	9	3	13	3	21			0
Minority interest	4	(6)	(21)	1	(2)			(57)
Core profit	(151)	(11)	200	224	133	(41)	188	622
Extraordinaries, GW & FX	12	(0)	40	15	9			0
Reported net profit	(139)	(12)	240	239	142	(40)	202	622
Shares out (end Q, m)	4,532	4,532	4,532	4,532	4,532	0	0	4,532
Core EPS	(0.03)	(0.00)	0.04	0.05	0.03	(41)	188	0.14
EPS	(0.03)	(0.00)	0.05	0.05	0.03	(40)	202	0.14
COGS (Excl. depreciation)	(520)	(607)	(750)	(775)	(727)	(6)	40	(3,129)
Depreciation	(215)	(220)	(223)	(218)	(222)	2	3	(921)
EBITDA	155	320	547	566	474	(16)	205	2,130
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	25	36	44	43	42	(2)	17	42
SG&A/Revenue	32	28	26	25	27	2	(5)	25
EBITDA margin	16	25	31	32	29	(3)	13	30
Net profit margin	(14)	(1)	14	14	9	(5)	23	9
Operating stats								
Non-Hop Inn								
OCC (%)	55	67	82	84	80			
OCC growth (y-y %)	42	57	52	53	25			
RevPAR (THB)	1,164	1,710	2,467	2,591	2,361			
RevPAR growth (y-y %)	503	1,337	396	366	103			
Thailand Hop Inn								
OCC (%)	73	74	78	81	81			
OCC growth (y-y %)	42	47	19	14	8			
RevPAR (THB)	450	462	499	531	533			
RevPAR growth (y-y %)	163	182	37	30	18			
Philippines Hop Inn								
OCC (%)	58	59	74	74	74			
OCC growth (y-y %)	12	(1)	25	23	16			
RevPAR (THB)	565	620	794	810	811			
RevPAR growth (y-y %)	15	22	26	19	13			

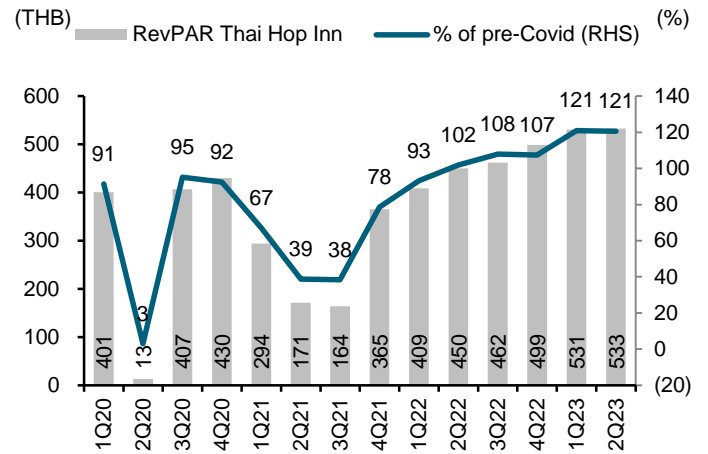
Sources: ERW; FSSIA estimates

Exhibit 2: RevPAR non-Hop Inn hotels, quarterly



Source: ERW

Exhibit 3: RevPAR Thai Hop Inn hotels, quarterly



Source: ERW

Financial Statements

The Erawan Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,485	4,629	6,953	7,463	7,944
Cost of goods sold	(2,220)	(3,154)	(4,050)	(4,309)	(4,558)
Gross profit	(734)	1,475	2,903	3,154	3,385
Other operating income	-	-	-	-	-
Operating costs	(915)	(1,377)	(1,738)	(1,866)	(1,986)
Operating EBITDA	(713)	969	2,086	2,254	2,407
Depreciation	(936)	(872)	(921)	(966)	(1,008)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,649)	97	1,165	1,288	1,399
Net financing costs	(518)	(455)	(475)	(457)	(428)
Associates	9	29	0	0	0
Recurring non-operating income	67	66	41	41	41
Non-recurring items	(10)	54	0	0	0
Profit before tax	(2,109)	(239)	731	872	1,013
Tax	(46)	26	(51)	(157)	(203)
Profit after tax	(2,155)	(213)	679	715	810
Minority interests	105	(11)	(57)	(63)	(69)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(2,050)	(224)	622	652	741
Non-recurring items & goodwill (net)	10	(54)	0	0	0
Recurring net profit	(2,040)	(278)	622	652	741
Per share (THB)					
Recurring EPS *	(0.45)	(0.06)	0.14	0.13	0.15
Reported EPS	(0.45)	(0.05)	0.14	0.13	0.15
DPS	0.00	0.00	0.05	0.05	0.06
Diluted shares (used to calculate per share data)	4,532	4,532	4,532	4,891	4,891
Growth					
Revenue (%)	(35.6)	211.6	50.2	7.3	6.4
Operating EBITDA (%)	nm	nm	115.3	8.1	6.8
Operating EBIT (%)	nm	nm	1,099.3	10.6	8.7
Recurring EPS (%)	nm	nm	nm	(2.9)	13.6
Reported EPS (%)	nm	nm	nm	(2.9)	13.6
Operating performance					
Gross margin inc. depreciation (%)	(49.4)	31.9	41.7	42.3	42.6
Gross margin exc. depreciation (%)	13.6	50.7	55.0	55.2	55.3
Operating EBITDA margin (%)	(48.0)	20.9	30.0	30.2	30.3
Operating EBIT margin (%)	(111.0)	2.1	16.7	17.3	17.6
Net margin (%)	(137.4)	(6.0)	8.9	8.7	9.3
Effective tax rate (%)	(2.2)	8.0	7.0	18.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(3.1)	0.4	2.5	2.9	3.4
Inventory days	12.2	6.6	6.0	6.7	6.7
Debtor days	21.7	10.2	8.4	7.8	7.3
Creditor days	40.8	30.2	32.4	36.3	36.4
Operating ROIC (%)	(8.7)	0.5	5.8	5.7	6.0
ROIC (%)	(8.2)	0.8	5.8	5.7	6.1
ROE (%)	(41.5)	(4.7)	10.4	9.2	9.2
ROA (%)	(7.4)	0.7	5.1	4.8	5.0
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Non-Hop Inn hotel	921	3,600	5,512	5,873	6,069
Hop Inn Thailand	339	646	841	878	981
Hop Inn Philippines	154	318	438	526	662
Others	71	65	163	186	233

Sources: The Erawan Group; FSSIA estimates

Financial Statements

The Erawan Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(2,040)	(278)	622	652	741
Depreciation	936	872	921	966	1,008
Associates & minorities	-	-	-	-	-
Other non-cash items	701	193	46	52	58
Change in working capital	(1,056)	1,207	263	60	57
Cash flow from operations	(1,460)	1,994	1,853	1,730	1,864
Capex - maintenance	(1,588)	(722)	(989)	(989)	(989)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(15)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,588)	(737)	(989)	(989)	(989)
Dividends paid	0	0	0	(249)	(261)
Equity finance	2,014	0	0	1,079	0
Debt finance	(1,538)	(692)	(500)	(500)	(1,000)
Other financing cash flows	2,192	(274)	(57)	(63)	(69)
Cash flow from financing	2,667	(967)	(557)	267	(1,330)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(380)	290	307	1,008	(455)
Free cash flow to firm (FCFF)	(2,526.87)	1,714.43	1,342.08	1,201.66	1,309.27
Free cash flow to equity (FCFE)	(2,394.52)	289.75	307.07	178.43	(194.00)

Per share (THB)

FCFF per share	(0.56)	0.38	0.30	0.27	0.29
FCFE per share	(0.53)	0.06	0.07	0.04	(0.04)
Recurring cash flow per share	(0.09)	0.17	0.35	0.34	0.37

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	25,682	26,373	27,373	28,373	29,373
Less: Accumulated depreciation	(6,274)	(7,089)	(8,010)	(8,976)	(9,983)
Tangible fixed assets (net)	19,409	19,285	19,364	19,398	19,390
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	48	63	63	63	63
Cash & equivalents	1,242	1,532	1,839	2,847	2,393
A/C receivable	100	160	160	160	160
Inventories	39	43	60	64	68
Other current assets	1,274	291	437	470	500
Current assets	2,655	2,026	2,496	3,540	3,120
Other assets	338	338	338	338	338
Total assets	22,450	21,712	22,260	23,339	22,911
Common equity	6,012	5,698	6,321	7,803	8,283
Minorities etc.	11	23	23	24	24
Total shareholders' equity	6,023	5,722	6,344	7,826	8,307
Long term debt	14,237	13,935	13,435	12,935	11,935
Other long-term liabilities	880	846	846	846	846
Long-term liabilities	15,117	14,781	14,281	13,781	12,781
A/C payable	143	235	322	344	365
Short term debt	690	300	300	300	300
Other current liabilities	478	675	1,013	1,088	1,158
Current liabilities	1,311	1,209	1,635	1,731	1,823
Total liabilities and shareholders' equity	22,450	21,712	22,260	23,339	22,911
Net working capital	793	(415)	(678)	(738)	(795)
Invested capital	20,587	19,271	19,086	19,060	18,995

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

Per share (THB)

Book value per share	1.33	1.26	1.39	1.60	1.69
Tangible book value per share	1.33	1.26	1.39	1.60	1.69

Financial strength

Net debt/equity (%)	227.2	222.0	187.5	132.7	118.5
Net debt/total assets (%)	61.0	58.5	53.4	44.5	43.0
Current ratio (x)	2.0	1.7	1.5	2.0	1.7
CF interest cover (x)	(3.6)	1.6	1.6	1.4	0.5

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(10.7)	(78.5)	35.1	36.2	31.8
Recurring P/E @ target price (x) *	(12.7)	(92.9)	41.5	42.8	37.6
Reported P/E (x)	(10.7)	(97.4)	35.1	36.2	31.8
Dividend yield (%)	-	-	1.1	1.1	1.3
Price/book (x)	3.6	3.8	3.5	3.0	2.8
Price/tangible book (x)	3.6	3.8	3.5	3.0	2.8
EV/EBITDA (x) **	(49.8)	35.7	16.2	15.1	13.9
EV/EBITDA @ target price (x) **	(55.4)	39.8	18.1	17.0	15.7
EV/invested capital (x)	1.7	1.8	1.8	1.8	1.8

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

Sources: The Erawan Group; 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).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

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

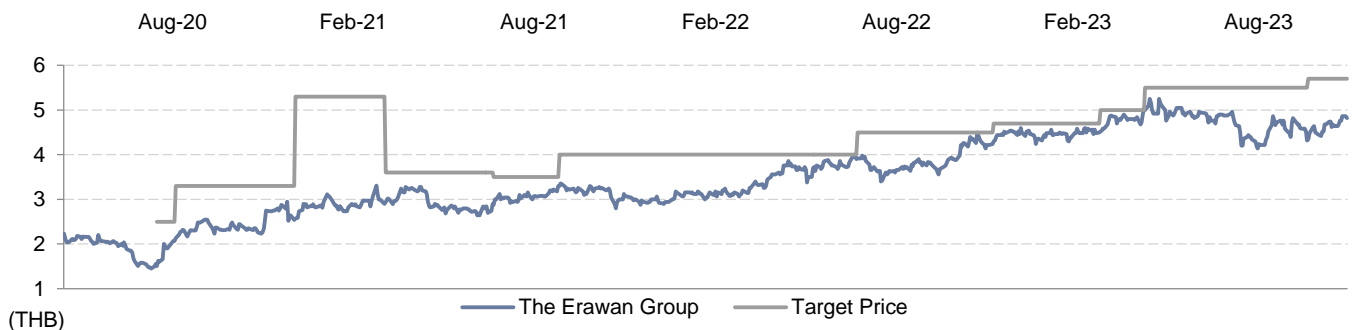
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

The Erawan Group (ERW TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2020	HOLD	2.50	17-Aug-2021	BUY	3.50	16-Jan-2023	BUY	5.00
19-Nov-2020	HOLD	3.30	12-Oct-2021	BUY	4.00	23-Feb-2023	BUY	5.50
01-Mar-2021	BUY	5.30	23-Jun-2022	BUY	4.50	12-Jul-2023	BUY	5.70
17-May-2021	BUY	3.60	17-Oct-2022	BUY	4.70			

Teerapol Udomvej, CFA started covering this stock from 03-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
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.

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 15-Aug-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.