

S HOTELS AND RESORTS

SHR TB

THAILAND / TOURISM & LEISURE

BUY

UNCHANGED

The dust has settled

- คาดผลขาดทุนปกติจะลดลง q-q ภายอยู่ที่ 25 ลบ. ใน 3Q23 (เทียบกับ 119 ลบ. ใน 2Q23) โดยได้ปัจจัยหนุนจากผลประกอบการที่ดีของโรงแรมในสหราชอาณาจักรและฟิจิ
- คาดผลประกอบการจะพลิกเป็นกำไรใน 4Q23 จากการกลับมาเปิดให้บริการของโรงแรมในมอริเชียส การฟื้นตัวของโรงแรมในมัลดีฟส์และการปรับปรุงโรงแรมในไทยที่แล้วเสร็จ
- คงแนะนำซื้อหลังปรับราคาเป้าหมายลงเป็น 4.4 บาท (DCF)

TARGET PRICE	THB4.40
CLOSE	THB2.48
UP/DOWNSIDE	+77.4%
PRIOR TP	THB4.80
CHANGE IN TP	-8.3%
TP vs CONSENSUS	+15.3%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	8,693	9,837	10,644	11,151
Net profit	14	49	403	542
EPS (THB)	0.00	0.01	0.11	0.15
vs Consensus (%)	-	(79.6)	18.3	(18.0)
EBITDA	1,859	2,189	2,560	2,793
Recurring net profit	(39)	49	403	542
Core EPS (THB)	(0.01)	0.01	0.11	0.15
Chg. In EPS est. (%)	nm	(71.5)	(20.8)	(15.2)
EPS growth (%)	nm	nm	728.5	34.7
Core P/E (x)	(229.0)	183.3	22.1	16.4
Dividend yield (%)	-	0.2	1.8	2.4
EV/EBITDA (x)	12.4	8.9	7.2	6.2
Price/book (x)	0.6	0.6	0.5	0.5
Net debt/Equity (%)	88.6	65.6	57.4	49.5
ROE (%)	(0.2)	0.3	2.5	3.3

โรงแรมในสหราชอาณาจักรและฟิจิจะช่วยหนุน RevPAR ใน 3Q23

เราคาดว่า RevPAR รวมจะโต 8% q-q ใน 2Q23 จากผลประกอบการที่ดีของโรงแรมในสหราชอาณาจักรและฟิจิ RevPAR ของโรงแรมในสหราชอาณาจักรน่าจะโต 13% q-q และสูงกว่าระดับก่อนโควิดอยู่ 45-50% โดยได้ปัจจัยหนุนจากค่าห้องรายวันเฉลี่ย (ADR) ที่อยู่ในเกณฑ์ดี RevPAR ของโรงแรมในฟิจิน่าจะโต 20% q-q จากฤดูท่องเที่ยว ในด้านลบ RevPAR ของโรงแรมในไทยน่าจะลดลง 12% q-q จากการปิดปรับปรุงโรงแรม 2 แห่งบางส่วน นอกจากนี้ RevPAR ของโรงแรมในมัลดีฟส์ก็น่าจะลดลง 9% q-q จากอุปทานเกสต์เฮ้าส์ที่สูงขึ้น

พอร์ตในมอริเชียสและมัลดีฟส์กดดันผลประกอบการใน 3Q23

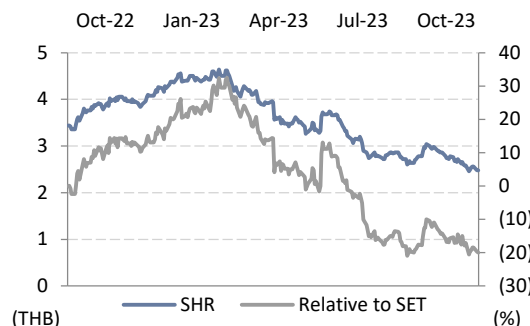
เราคาดว่ารายได้ใน 3Q23 จะโต 5% q-q และ EBITDA margin จะปรับตัวขึ้นเป็น 23% (เทียบกับ 19% ใน 2Q23) ซึ่งน่าจะทำให้ผลขาดทุนปกติลดลง q-q ภายอยู่ที่ 25 ลบ. (เทียบกับ 119 ลบ. ใน 2Q23) พอร์ตในสหราชอาณาจักรและฟิจิน่าจะสร้างกำไรให้แก่ SHR ได้ ใด ๆ ทางการดำเนินงานน่าจะได้รับการสนับสนุนจาก 1) ผลขาดทุนจำนวน 40-50 ลบ. จากการปิดโรงแรมในมอริเชียสชั่วคราว 2) ผลขาดทุนจากการดำเนินงานของโรงแรมในมัลดีฟส์และ 3) ค่าใช้จ่ายดอกเบี้ยที่สูงขึ้นตามการขึ้นอัตราดอกเบี้ย

จุดที่ดีในการกลับมาซื้อเพื่อรอการพลิกฟื้นใน 4Q23

แม้ว่าหุ้นจะขาดปัจจัยบวกใน 3Q23 เราเชื่อว่าปัจจุบันเป็นจุดที่ดีในการกลับมาซื้อหุ้น เนื่องจากผลประกอบการนำพลิกมาเป็นกำไรใน 4Q23 จาก 1) การฟื้นตัวของพอร์ตในมัลดีฟส์ 2) การกลับมาเปิดให้บริการของโรงแรมในมอริเชียสในเดือน พ.ย. 23 และ 3) เฟสแรกของการปรับปรุง Saii Laguna Phuket และ Saii Phi Phi Island Village ที่แล้วเสร็จในเดือน ธ.ค. 23 ผลประกอบการน่าจะฟื้นตัวต่อเนื่องในปี 2024 โดยเราคาดว่ารายได้จะโต 8% และกำไรปกติจะกระโดดเพิ่มเป็น 403 ลบ. ในปี 2024 โดยได้ปัจจัยหนุนจาก EBITDA margin ที่ปรับตัวขึ้นเป็น 25% (เทียบกับ 23% ในปี 2023)

ปรับลดประมาณการกำไรปกติ หุ้นมีการซื้อขายโดยมีระดับการประเมินมูลค่าที่ต่ำ

เราปรับลดประมาณการกำไรปกติปี 2023-25 ลง 15-72% เพื่อสะท้อนแนวโน้มในช่วง 2H23 และค่าใช้จ่ายดอกเบี้ยที่สูงขึ้น เราได้ราคาเป้าหมายปี 2024 ใหม่อยู่ที่ 4.4 บาท (DCF) (จาก 4.8 บาท) เราเชื่อว่าราคาหุ้นของ SHR ที่ปรับตัวลดลง 24% ในช่วงปีที่ผ่านมาได้สะท้อนข่าวร้ายไปแล้ว หุ้นมีการซื้อขายโดยมีระดับการประเมินมูลค่าที่ต่ำเพียง 0.5x ของค่า 2024E P/BV และ 22x ของค่า 2024E P/E (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 1.8x และ 27x) นอกจากนี้การพลิกฟื้นของผลประกอบการในช่วง 4Q23-1Q24 ยังน่าจะช่วยให้ตลาดหันมาให้ความสนใจกับ SHR



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.3)	(13.3)	(23.5)
Relative to country (%)	(7.6)	(7.1)	(15.1)
Mkt cap (USD m)	245		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	38		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	4.70/2.42		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates



Teerapol Udomvej, CFA

Fundamental Investment Analyst on Securities; License no. 080523
teerapol.udo@fssia.com, +66 2646 9969

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 17 ตุลาคม 2023

Investment thesis

SHR raised THB7.5b at THB5.20/shr during its IPO in Nov-19. Its share price has been below the IPO price since then, due mainly to operating losses from its two hotels in the Crossroads Maldives project and the impact of the Covid-19 pandemic.

SHR has successfully turned its operations around since 3Q22. We think this momentum should continue in 2023, with its Thai and Maldives hotels benefiting from strong tourist arrivals of 25m-30m for Thailand (vs 40m in 2019) and 2.0m in 2023 for the Maldives (vs 1.7m in 2019). Its EBITDA margin should continue to improve to 30%, its long-term target, by 2025.

SHR's share price is attractive as it trades at a lower P/BV than its peers. Also, it has a potential upside from M&A deals, given its strong balance sheet with only 0.8x IBD/E as of 2022.

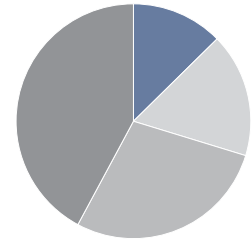
Company profile

SHR is a holding company. It owns all resorts and hotels under the Singha Estate (S TB, not rated) group.

www.shotelsresorts.com

Principal activities (revenue, 2022)

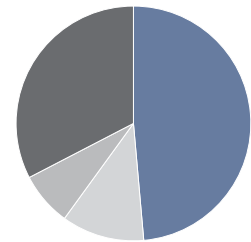
- Self-managed - 12.6 %
- Outrigger - 17.1 %
- Crossroads Ph1 (Maldives hotels) - 28.1 %
- UK - 42.1 %



Source: S Hotels and Resorts

Major shareholders

- S Hotels and Resorts Inter - 48.6 %
- S Hotels and Resorts (SG) - 11.4 %
- Thai NVDR - 7.4 %
- Others - 32.6 %



Source: S Hotels and Resorts

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the global tourism recovery; 2) an uplift and renovation program to lift ADR; and 3) M&A deals.

Risks to our call

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

Event calendar

Date	Event
Nov 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Self-Managed - Number of rooms (no.)	604	604	604
Self-Managed - Occupancy rate (OCC)	72.0	69.0	72.0
Self-Managed - RevPAR growth	66.8	(4.2)	7.5
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	68.0	69.0	71.0
Project Crossroads - RevPAR growth	0.2	4.5	6.0
UK - Number of rooms (no.)	2,740	2,740	2,740
UK - Occupancy rate (OCC)	72.0	72.5	73.0
UK - RevPAR growth	29.4	5.7	3.7

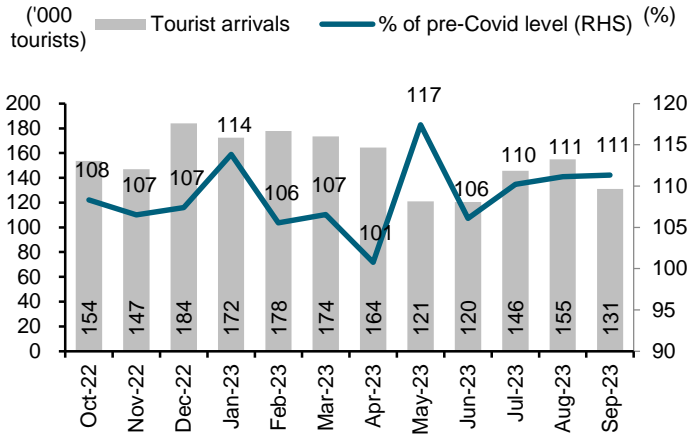
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2023 profit increase of 23%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2023 profit increase of 14%, and vice versa, all else being equal.

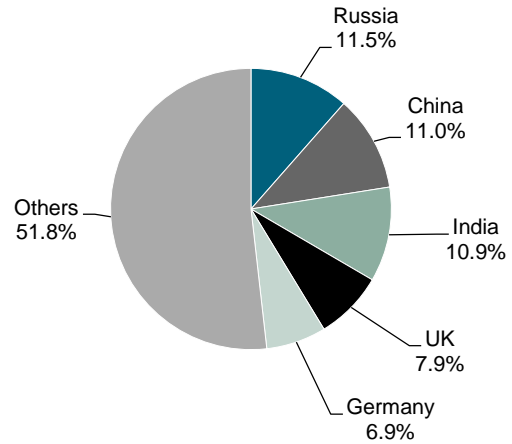
Source: FSSIA estimates

Exhibit 1: Maldives industry – monthly tourist arrivals



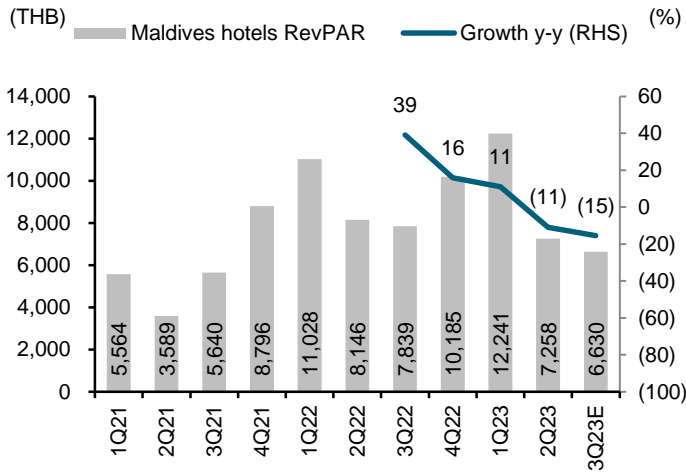
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 2: Maldives industry – tourist arrival breakdown as of 1 Jan to 5 July 2023



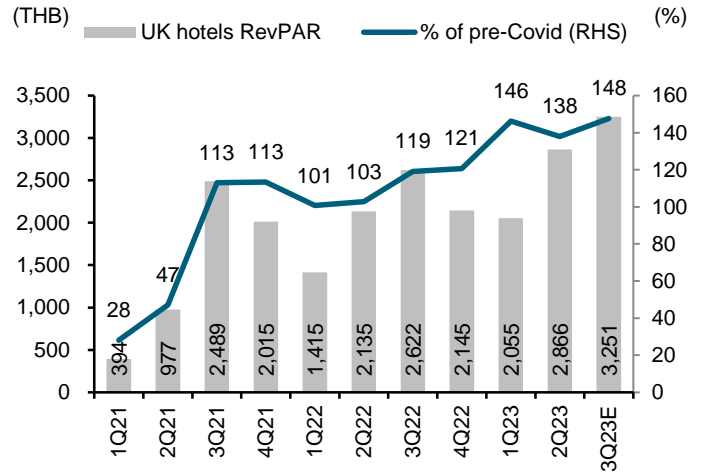
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 3: SHR's Crossroads (Maldives) hotels RevPAR



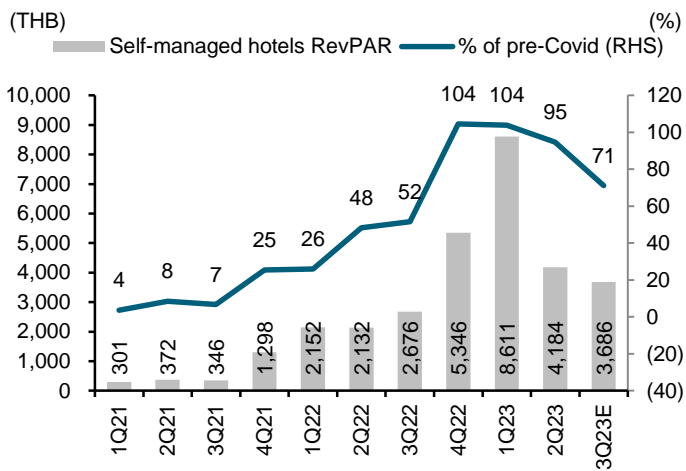
Sources: SHR; FSSIA estimates

Exhibit 4: SHR's UK hotels RevPAR



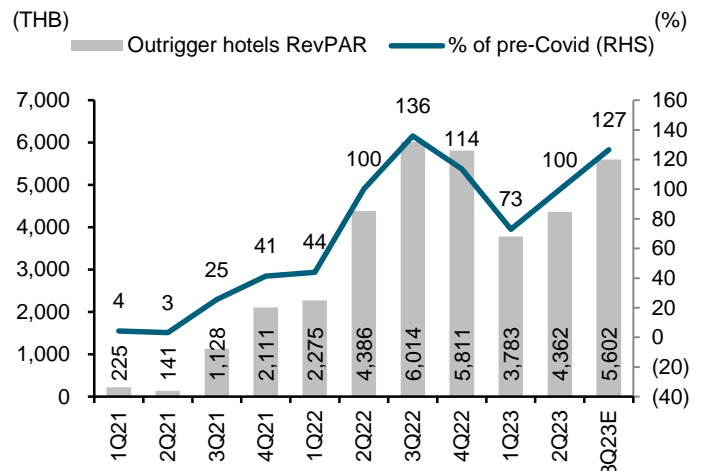
Sources: SHR; FSSIA estimates

Exhibit 5: SHR's self-managed (Thailand) hotels RevPAR



Note: Saii Laguna Phuket, Saii Koh Samui Bophut, and Konotta Maldives have been transferred from Outrigger to self-managed since 1Q21
Sources: SHR; FSSIA estimates

Exhibit 6: Outrigger (Mauritius, Fiji) hotels RevPAR



Note: Saii Laguna Phuket, Saii Koh Samui Bophut, and Konotta Maldives have been transferred from Outrigger to self-managed since 1Q21
Sources: SHR; FSSIA estimates

Exhibit 7: 3Q23 results preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	2,362	2,570	2,544	2,277	2,396	5	1	9,837
- Self-Managed Hotels	272	434	642	363	317	(13)	16	
- Outrigger Hotels	465	474	302	334	415	24	(11)	
- Project Crossroads Hotels	552	676	815	518	460	(11)	(17)	
- UK	1,073	986	785	1,062	1,204	13	12	
COGS (Incl. depreciation)	(1,528)	(1,593)	(1,605)	(1,599)	(1,569)	(2)	3	(6,420)
Gross profit	834	976	939	678	827	22	(1)	3,416
SG&A	(553)	(596)	(576)	(571)	(590)	3	7	(2,356)
Operating profit	280	380	363	107	237	122	(16)	1,060
Other income	67	11	35	42	39	(7)	(41)	113
- Interest income from JV			(17)	3				
- Other income	67	11	52	39	39	0	(41)	113
Interest expense	(233)	(241)	(248)	(273)	(305)	12	31	(1,115)
Pretax profit	115	150	150	(124)	(30)	76	(126)	58
Income Tax	35	(21)	(1)	10	15	47	(57)	40
Associates	(3)	(4)	(4)	(6)	(10)	65	201	(50)
Minority interest	0	0	0	0				0
Core profit	146	125	145	(119)	(25)	79	(117)	49
Extraordinaries, GW & FX	62	(17)	(20)	2				0
Net unrealized (loss)/gain on FX	24	(17)	(20)	2				0
Non-recurring items	38			0				
Reported net profit	207	108	125	(117)	(25)	79	(112)	49
Shares out (end Q, m)	3,664	3,664	3,664	3,664	3,664	0	0	3,664
Core EPS	0.04	0.03	0.04	(0.03)	(0.01)	79	(117)	0.01
EPS	0.06	0.03	0.03	(0.03)	(0.01)	79	(112)	0.01
COGS (Excl. depreciation)	(1,258)	(1,302)	(1,327)	(1,302)	(1,272)	(2)	1	(5,292)
Depreciation	(270)	(291)	(277)	(297)	(297)	0	10	(1,129)
EBITDA	614	678	672	440	563	28	(8)	2,252
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	35	38	37	30	35	(5)	(1)	35
SG&A/Revenue	23	23	23	25	25	0	1	24
EBITDA margin	26	26	26	19	23	(4)	(2)	23
Net profit margin	9	4	5	(5)	(1)	(4)	(10)	0
Operating stats								
Self-Managed Hotels								
OCC (%)	54.5	71.9	87.5	64.1	59.0			
ADR (THB)	4,911	7,435	9,840	6,528	6,247			
RevPAR (THB)	2,676	5,346	8,611	4,184	3,686			
Outrigger Hotels								
OCC (%)	78.0	79.6	55.4	45.5	43.0			
ADR (THB)	7,708	7,304	6,831	9,582	13,028			
RevPAR (THB)	6,014	5,811	3,783	4,362	5,602			
Project Crossroads Hotels								
OCC (%)	60.8	63.2	87.5	53.7	63.0			
ADR (THB)	12,895	16,123	13,994	13,521	10,524			
RevPAR (THB)	7,839	10,185	12,241	7,258	6,630			
UK Hotels								
OCC (%)	69.0	62.7	65.6	74.1	77.0			
ADR (THB)	3,801	3,421	3,133	3,866	4,222			
RevPAR (THB)	2,622	2,145	2,055	2,866	3,251			

Sources: SHR; FSSIA estimates

Exhibit 8: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB)	(THB)	(THB)	(THB)	(THB)	(THB)	(%)	(%)	(%)
Self-managed - OCC rate (%)	72.0	69.0	72.0	72.0	69.0	72.0	-	-	-
Self-managed - RevPAR	5,400	5,175	5,562	5,400	5,175	5,562	-	-	-
Outrigger - OCC rate (%)	53.0	67.0	67.0	53.0	67.0	67.0	-	-	-
Outrigger - RevPAR	4,834	5,377	5,538	4,331	5,279	5,438	11.6	1.9	1.9
Project Crossroads - OCC rate (%)	68.0	69.0	71.0	68.0	69.0	71.0	-	-	-
Project Crossroads - RevPAR	9,314	9,734	10,317	9,314	9,734	10,317	-	-	-
UK -OCC rate (%)	72	73	73	72	73	73	-	-	-
UK -RevPAR	2,694	2,849	2,954	2,647	2,799	2,903	1.8	1.8	1.8
Revenue (THB b)	9.8	10.6	11.2	9.6	10.5	11.0	2.3	1.1	1.0
EBITDA margin (%)	22.2	24.1	25.0	23.2	24.3	25.3	(1.0)	(0.2)	(0.2)
Core earnings (THB m)	49	403	542	170	508	640	(71.5)	(20.8)	(15.2)

Note: Change in % terms is represented in ppt change

Source: FSSIA estimates

Exhibit 9: 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	13.2		Net cost of debt, Kd	3.2
Weight applied	60.0		Weight applied	40.0
WACC	9.2			
DCF valuation estimate	(THB b)	(THB/share)	Comments	
NPV	12.8	3.6	WACC 9.2%, risk-free rate 3%, risk premium 8%	
Terminal value	11.6	3.2	Terminal growth 2.5%	
Cash & liquid assets	7.6	2.1	At end-2024E	
Investments	0.7	0.2	At end-2024E	
Debt	(17.0)	(4.7)	At end-2024E	
Minorities	0.0	0.0	At end-2024E	
Residual ordinary equity	15.7	4.4		

Source: FSSIA estimates

Exhibit 10: Historical EV/EBITDA band

SHR EV/EBITDA (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band

SHR PBV (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 17 Oct 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	3.66	6.80	86	3,218	55.6	31.8	28.6	2.5	4.1	1.4	1.3	32.3	23.5
Minor International	MINT TB	BUY	29.75	43.00	45	4,573	26.4	23.3	20.9	8.2	9.5	1.9	2.5	9.9	9.9
Central Plaza Hotel	CEN TEL TB	BUY	45.00	53.00	18	1,669	44.2	30.8	27.1	7.2	9.6	3.1	2.8	17.6	15.8
Erawan Group	ERW TB	BUY	5.25	6.30	20	654	36.9	35.2	29.8	10.7	10.2	3.7	3.2	17.2	15.9
S Hotels & Resorts	SHR TB	BUY	2.48	4.40	77	245	183.3	22.1	16.4	0.3	2.5	0.6	0.5	8.9	7.2
Dusit Thani	DUSIT TB	BUY	8.65	18.00	108	202	143.8	30.1	3.0	1.2	5.7	1.8	1.7	37.9	29.6
Bound and Beyond	BEYOND TB	BUY	11.80	24.00	103	94	(30.4)	17.9	12.7	(1.9)	3.1	0.5	0.5	14.8	9.1
Thailand average						10,654	65.7	27.3	19.8	4.0	6.4	1.8	1.8	19.8	15.8
Regional															
Btg Hotels Group	600258 CH	n/a	16.30	n/a	n/a	2,489	25.1	17.8	14.7	6.8	8.7	1.6	1.5	10.9	10.0
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.52	n/a	n/a	4,332	8.9	6.3	4.9	7.8	9.9	0.7	0.6	12.6	10.0
Huangshan Tourism Dev.	900942 CH	n/a	0.71	n/a	n/a	940	9.9	8.3	7.4	8.8	9.4	0.8	0.8	7.6	7.0
Genting Bhd	GENT MK	n/a	4.10	n/a	n/a	3,333	15.6	10.4	8.9	3.3	4.6	0.5	0.5	6.5	5.9
Huazhu Group	HTHT US	n/a	35.68	n/a	n/a	11,160	23.0	20.8	17.1	30.9	25.7	7.5	5.8	13.1	11.6
Indian Hotels	IH IN	n/a	420.10	n/a	n/a	7,171	64.8	47.7	39.9	12.6	14.5	7.6	6.5	34.5	28.5
Lemon Tree Hotels	LEMONTRE IN	n/a	122.05	n/a	n/a	1,162	83.9	60.5	36.1	12.3	15.9	10.6	9.0	28.7	23.2
Lippo Karawaci	LPKR IJ	n/a	92.00	n/a	n/a	415	6.5	5.4	4.6	5.9	6.6	0.4	0.4	8.6	8.2
Regional average						31,003	29.7	22.1	16.7	11.0	11.9	3.7	3.1	15.3	13.0
Overall average						41,656	46.5	24.5	18.1	7.8	9.3	2.8	2.5	17.4	14.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,512	8,693	9,837	10,644	11,151
Cost of goods sold	(3,596)	(5,807)	(6,420)	(6,762)	(7,064)
Gross profit	916	2,885	3,416	3,882	4,087
Other operating income	-	-	-	-	-
Operating costs	(1,742)	(2,142)	(2,356)	(2,474)	(2,553)
Operating EBITDA	363	1,859	2,189	2,560	2,793
Depreciation	(1,189)	(1,116)	(1,129)	(1,153)	(1,258)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(826)	743	1,060	1,408	1,534
Net financing costs	(693)	(842)	(1,115)	(1,037)	(1,010)
Associates	(3)	(21)	(50)	(22)	4
Recurring non-operating income	158	73	63	108	137
Non-recurring items	(5)	53	0	0	0
Profit before tax	(1,366)	27	9	478	661
Tax	131	(13)	40	(75)	(118)
Profit after tax	(1,234)	14	49	403	542
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,234)	14	49	403	542
Non-recurring items & goodwill (net)	5	(53)	0	0	0
Recurring net profit	(1,229)	(39)	49	403	542
Per share (THB)					
Recurring EPS *	(0.34)	(0.01)	0.01	0.11	0.15
Reported EPS	(0.34)	0.00	0.01	0.11	0.15
DPS	0.00	0.00	0.01	0.04	0.06
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
Growth					
Revenue (%)	188.7	92.6	13.2	8.2	4.8
Operating EBITDA (%)	nm	411.7	17.7	17.0	9.1
Operating EBIT (%)	nm	nm	42.7	32.8	9.0
Recurring EPS (%)	nm	nm	nm	728.5	34.7
Reported EPS (%)	nm	nm	238.0	728.5	34.7
Operating performance					
Gross margin inc. depreciation (%)	20.3	33.2	34.7	36.5	36.7
Gross margin exc. depreciation (%)	46.7	46.0	46.2	47.3	47.9
Operating EBITDA margin (%)	8.1	21.4	22.2	24.1	25.0
Operating EBIT margin (%)	(18.3)	8.5	10.8	13.2	13.8
Net margin (%)	(27.2)	(0.4)	0.5	3.8	4.9
Effective tax rate (%)	9.7	(289.8)	12.0	15.0	18.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(1.0)	1.0	1.0	1.5	1.7
Inventory days	28.3	16.6	16.8	17.3	17.5
Debtor days	17.8	18.7	18.6	17.2	16.4
Creditor days	168.5	130.1	231.4	335.0	339.0
Operating ROIC (%)	(2.9)	9.7	3.4	4.8	5.2
ROIC (%)	(2.1)	9.7	3.3	4.6	5.1
ROE (%)	(7.8)	(0.2)	0.3	2.5	3.3
ROA (%)	(1.9)	8.8	2.7	3.1	3.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Self-managed	234	1,098	1,786	1,711	1,839
Outrigger	205	1,486	1,453	1,655	1,705
Crossroads Ph1 (Maldives hotels)	1,627	2,445	2,556	2,605	2,761
UK	2,446	3,664	4,042	4,672	4,846

Sources: S Hotels and Resorts; FSSIA estimates

Financial Statements

S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,229)	(39)	49	403	542
Depreciation	1,189	1,116	1,129	1,153	1,258
Associates & minorities	-	-	-	-	-
Other non-cash items	(190)	109	(8)	(8)	(8)
Change in working capital	(750)	1,052	3,142	202	124
Cash flow from operations	(981)	2,238	4,311	1,749	1,917
Capex - maintenance	(11,050)	(116)	(582)	(631)	(661)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1,555	(277)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(9,495)	(393)	(582)	(631)	(661)
Dividends paid	0	0	0	(19)	(161)
Equity finance	13	0	(44)	0	0
Debt finance	8,476	(1,418)	1,200	(900)	0
Other financing cash flows	1,408	139	0	0	0
Cash flow from financing	9,897	(1,280)	1,156	(919)	(161)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(579)	566	4,885	199	1,095
Free cash flow to firm (FCFF)	(9,783.45)	2,686.85	4,843.47	2,156.18	2,266.00
Free cash flow to equity (FCFE)	(591.92)	565.63	4,928.75	218.82	1,255.65

Per share (THB)

FCFF per share	(2.72)	0.75	1.35	0.60	0.63
FCFE per share	(0.16)	0.16	1.37	0.06	0.35
Recurring cash flow per share	(0.06)	0.33	0.33	0.43	0.50

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	36,405	36,291	36,881	37,520	38,189
Less: Accumulated depreciation	(6,444)	(7,323)	(8,451)	(9,604)	(10,862)
Tangible fixed assets (net)	29,961	28,968	28,430	27,915	27,326
Intangible fixed assets (net)	1,641	1,630	1,630	1,630	1,630
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	427	704	704	704	704
Cash & equivalents	1,914	2,479	7,364	7,564	8,658
A/C receivable	387	501	501	501	501
Inventories	198	229	258	273	283
Other current assets	2,224	1,324	1,498	1,621	1,698
Current assets	4,723	4,533	9,621	9,959	11,141
Other assets	463	615	615	615	615
Total assets	37,214	36,450	41,000	40,823	41,415
Common equity	15,882	16,019	16,024	16,407	16,789
Minorities etc.	0	0	0	0	0
Total shareholders' equity	15,882	16,019	16,024	16,407	16,789
Long term debt	18,092	16,674	17,874	16,974	16,974
Other long-term liabilities	1,392	1,612	1,612	1,612	1,612
Long-term liabilities	19,485	18,286	19,486	18,586	18,586
A/C payable	1,635	1,711	4,999	5,299	5,484
Short term debt	0	0	0	0	0
Other current liabilities	213	433	490	531	556
Current liabilities	1,848	2,144	5,489	5,829	6,040
Total liabilities and shareholders' equity	37,214	36,450	41,000	40,823	41,415
Net working capital	961	(90)	(3,232)	(3,434)	(3,558)
Invested capital	33,453	31,826	28,146	27,430	26,717

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

Per share (THB)

Book value per share	4.42	4.46	4.46	4.57	4.67
Tangible book value per share	3.96	4.00	4.01	4.11	4.22

Financial strength

Net debt/equity (%)	101.9	88.6	65.6	57.4	49.5
Net debt/total assets (%)	43.5	38.9	25.6	23.1	20.1
Current ratio (x)	2.6	2.1	1.8	1.7	1.8
CF interest cover (x)	0.1	1.7	5.4	1.2	2.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(7.2)	(229.0)	183.3	22.1	16.4
Recurring P/E @ target price (x) *	(12.9)	(406.3)	325.2	39.3	29.2
Reported P/E (x)	(7.2)	619.7	183.3	22.1	16.4
Dividend yield (%)	-	-	0.2	1.8	2.4
Price/book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x) **	69.1	12.4	8.9	7.2	6.2
EV/EBITDA @ target price (x) **	88.1	16.1	12.0	9.9	8.6
EV/invested capital (x)	0.8	0.7	0.7	0.7	0.6

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

Sources: S Hotels and Resorts; FSSIA estimates

S HOTELS AND RESORTS PCL (SHR TB)

FSSIA ESG rating

25.0 /100
Exhibit 13: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	ESG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	68.0	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	66.6	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BEYOND	23.98	--	--	--	5.00	5.00	Certified	--	39.83	--	--	--	--	--	--
CENTEL	64.12	--	Y	Y	5.00	5.00	Certified	Medium	57.54	--	--	71.56	48.00	2.93	54.19
DUSIT	23.65	--	--	--	5.00	4.00	Certified	--	46.50	--	--	--	--	--	--
ERW	38.14	--	--	--	4.00	4.00	Certified	--	54.22	--	--	51.15	21.00	3.90	--
MINT	81.95	Y	Y	Y	5.00	4.00	Certified	Medium	57.57	AA	37.00	91.18	69.00	5.00	--
SHR	25.00	--	Y	Y	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; * FSSIA estimate; FSSIA's compilation

Exhibit 15: ESG disclosure from prospectus as of 27 Mar 2023

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 5 / 1
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 97.22
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	7
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	53 / 69
Waste reduction policy	Yes	Number of executives / female	6 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee / ID	3 / 3
Quality assurance and recall policy	Yes	Number of compensation committee meetings	4
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 3
Gender pay gap breakout	--	Number of nomination committee meetings	4
Pct women in workforce	33.8	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	10.33
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	53.96
Health and safety policy	Yes	Auditor fee (THB m)	2.2
Lost time incident rate - employees	--	(PricewaterhouseCoopers ABAS Limited)	
Training policy	Yes	Total employee (no.)	2663
Fair remuneration policy	Yes	Employee compensation (THB m)	1379.4
Number of employees - CSR	Yes	Sustainability governance	
Total hours spent by firm - employee training	1700	Verification type	--
Social supply chain management	Yes	Board duration (years)	3

Sources: SHR; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level by Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
S Hotels and Resorts	SHR TB	THB 2.48	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 3.66	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 29.75	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.
Central Plaza Hotel	CEN TEL TB	THB 45.00	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 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 5.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 8.65	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 11.80	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.

All share prices are as at market close on 17-Oct-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.