

CENTRAL PLAZA HOTEL

THAILAND / TOURISM & LEISURE

CENTEL TB

BUY

UNCHANGED

Preparing for a new growth phase

- Expect 4Q23 core profit of THB367m in 4Q23, improving from 3Q23, led by 25-30% q-q system-wide RevPAR growth.
- Expect core profit to grow 29% in 2024 but still be below pre-Covid, pressured by pre-operating expenses of two new Maldives hotels.
- Maintain BUY with lower DCF-derived TP of THB50/shr.

TARGET PRICE	THB50.00
CLOSE	THB42.50
UP/DOWNSIDE	+17.6%
PRIOR TP	THB53.00
CHANGE IN TP	-5.7%
TP vs CONSENSUS	+3.4%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	17,502	21,641	24,453	26,856
Net profit	398	1,190	1,533	1,917
EPS (THB)	0.29	0.88	1.14	1.42
vs Consensus (%)	-	(9.9)	(20.5)	(13.7)
EBITDA	3,741	4,690	5,300	5,968
Recurring net profit	398	1,190	1,533	1,917
Core EPS (THB)	0.29	0.88	1.14	1.42
Chg. In EPS est. (%)	-	(13.4)	(22.3)	(14.4)
EPS growth (%)	nm	199.0	28.8	25.1
Core P/E (x)	144.1	48.2	37.4	29.9
Dividend yield (%)	-	0.8	1.1	1.3
EV/EBITDA (x)	20.6	18.3	16.8	15.0
Price/book (x)	3.1	2.9	2.8	2.6
Net debt/Equity (%)	102.4	140.8	148.2	141.5
ROE (%)	2.2	6.2	7.6	9.0

Hotel revenue to grow by 23% y-y in 4Q23

We expect RevPAR of Thai hotels to grow by 18% y-y in 4Q23 and exceed pre-Covid by 15%, driven by Centara Ladprao and upcountry hotels. RevPAR of the Dubai hotel should also grow by 13% y-y in the quarter thanks to strong ADR. The 4Q23 OCC rate of its Osaka hotel should improve to 77% with ADR of cTHB7,100 (vs 67% and THB6,176 in 3Q23). This should bring the share income from the Osaka hotel close to breakeven (vs THB27m loss in 3Q23). On a negative note, RevPAR of Maldives hotels should drop by 5% y-y in 4Q23 due to high competition. Overall, we forecast hotel profit to turn around from a THB55m loss in 3Q23 to a THB240m profit in 4Q23, driven by the high tourism season, but it should drop y-y from THB359m in 4Q22, pressured by higher interest expenses and the absence of an FX gain (THB116m in 4Q22).

Food business profit to be relatively flat q-q

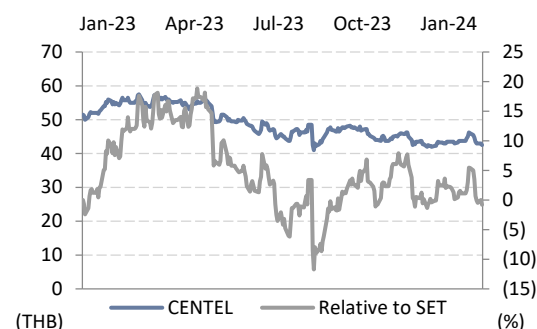
We expect 4Q23 SSS to grow by 2% y-y, driven by KFC and Auntie Anne's, and TSS to grow by 7% y-y. Food revenue should grow by 3% y-y to THB3.2b, exceeding pre-Covid by 5%. We estimate the food EBITDA margin to be flat q-q at 18% as declining raw material prices should offset provision expenses related to closures of loss-making outlets. Thus, food business profit should be relatively flat q-q at THB127m. Overall, we forecast core profit to jump from THB74m in 3Q23 to THB367m in 4Q23.

Organic RevPAR to grow by 4-13% for each portfolio in 2024

We project CENTEL's core profit to grow by 29% to THB1.5b in 2024, driven by organic RevPAR growth of the Thai (+8%), Maldives (+13%) and Dubai (+4%) portfolios and the turnaround of the Osaka hotel. However, core profit is likely to be below the 2019 core profit of THB1.7b, pressured by higher interest expenses and cTHB200m pre-operating expenses of two new Maldives hotels, scheduled to open in 4Q24-1Q25.

Cut core profit

We cut 2023-25E core profit by 13-22% and derive a new 2024 DCF-TP of THB50/shr. CENTEL trades at 30x 2025E P/E (we use 2025 as the base year as it should be the first year of normalized earnings), lower than its five-year average of 34x. A share price catalyst would be the strong recovery of Chinese tourists in the upcoming Chinese New Year.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.3)	(2.9)	(16.3)
Relative to country (%)	(3.0)	(1.1)	0.7
Mkt cap (USD m)	1,620		
3m avg. daily turnover (USD m)	4.2		
Free float (%)	76		
Major shareholder	The Chirathivat group (62%)		
12m high/low (THB)	58.25/40.75		
Issued shares (m)	1,350.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

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

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

We expect strong earnings growth in 2024 led by the turnaround of Centara Osaka. Profits should further grow in 2025, driven by four new overseas hotels which should completely open.

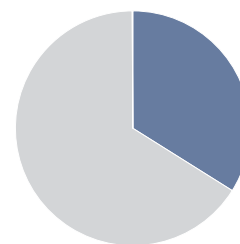
Company profile

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

www.centarahotelsresorts.com

Principal activities (revenue, 2022)

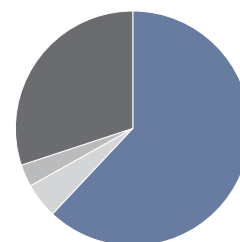
- Hotel revenue - 33.9 %
- F&B revenue - 66.0 %
- Rental income - 0.1 %



Source: Central Plaza Hotel

Major shareholders

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



Source: Central Plaza Hotel

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
Feb 2024	4Q23 results announcement

Key assumptions

	2023E (%)	2024E (%)	2025E (%)
Owned & leased hotels			
- Number of owned hotel rooms (no.)	5,566	5,696	5,983
- Occupancy rate (OCC)	70.3	71.3	72.1
- RevPAR growth	50	8	16
Food business			
- Number of outlets (no.)	1,548	1,625	1,690
- Same-Store Sales Growth (SSSG)	4	3	2
- Total System Sales Growth (TSSG)	8	8	6

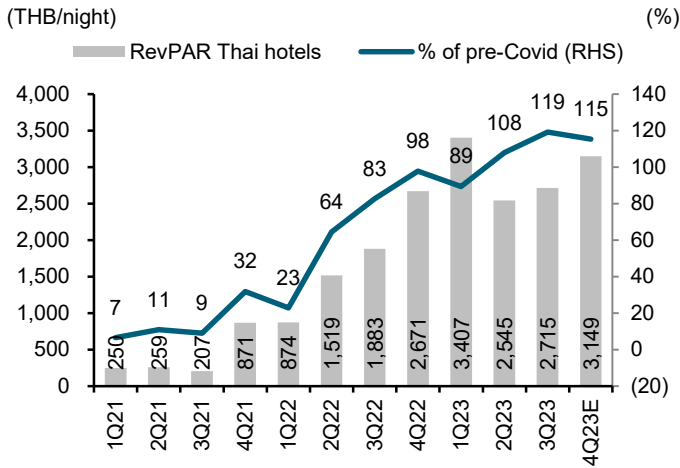
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC, we project a 2024 profit increase of 2%, and vice versa, all else being equal.
- For every 1% increase in SSSG, we project a 2024 profit increase of 2%, and vice versa, all else being equal.

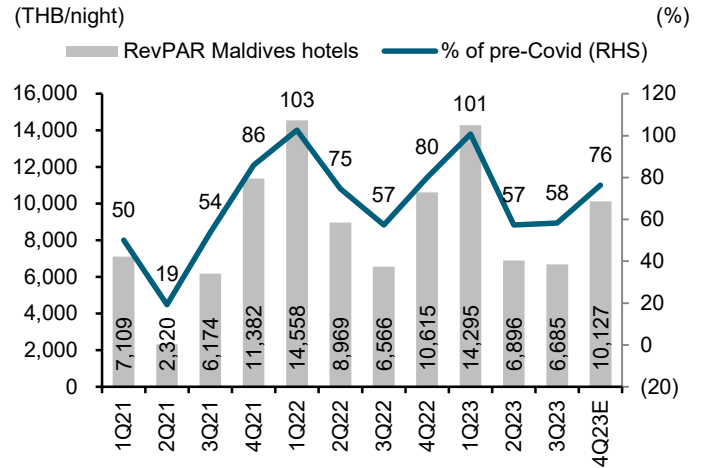
Source: FSSIA estimates

Exhibit 1: CENTEL's Thai hotels RevPAR



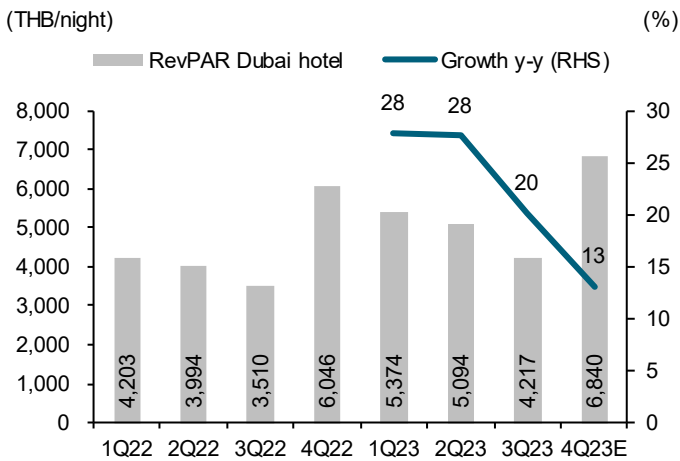
Sources: CENTEL; FSSIA estimates

Exhibit 2: CENTEL's Maldives hotels RevPAR



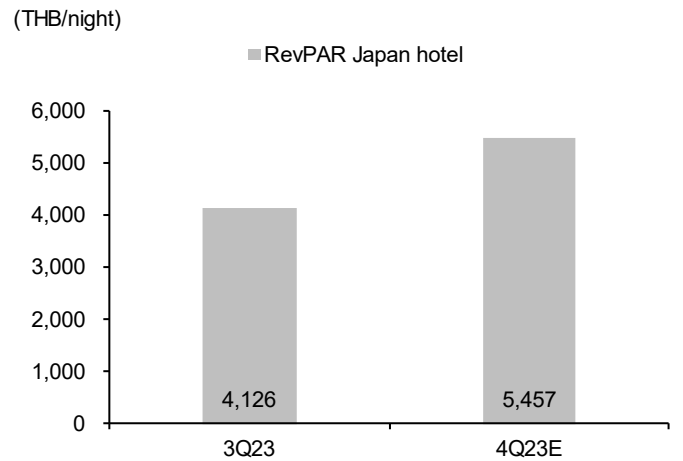
Note: RevPAR excludes F&B revenue since 1Q21
Sources: CENTEL; FSSIA estimates

Exhibit 3: CENTEL's Dubai hotel RevPAR



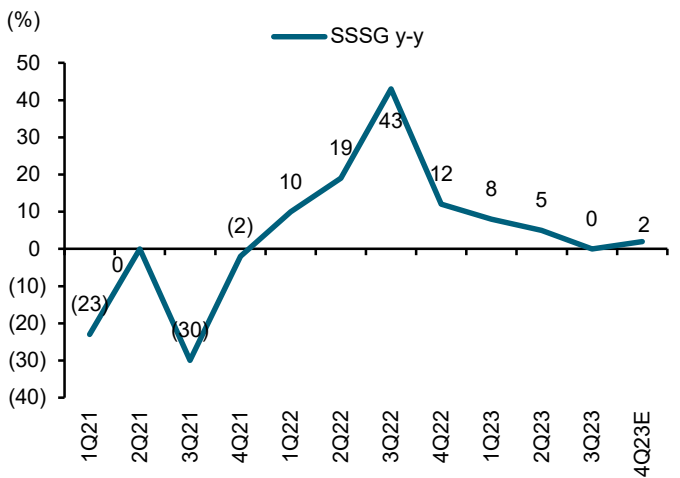
Sources: CENTEL; FSSIA estimates

Exhibit 4: CENTEL's Japan hotel RevPAR



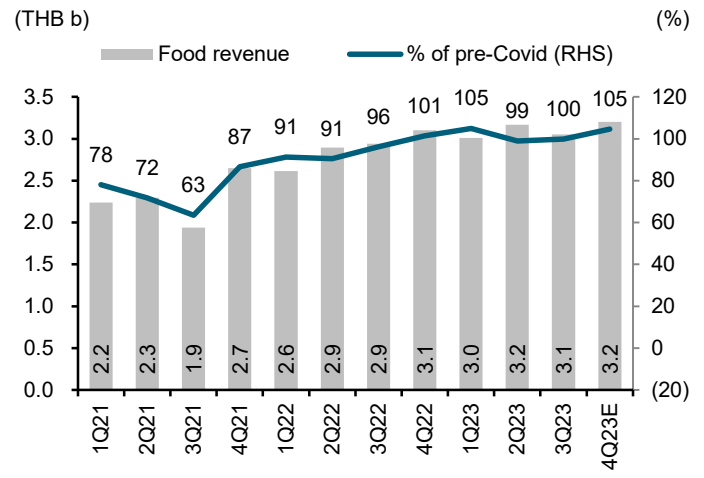
Sources: CENTEL; FSSIA estimates

Exhibit 5: SSSG



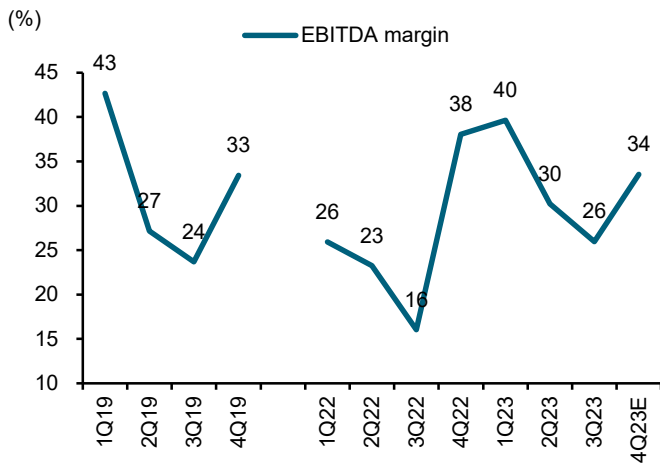
Sources: CENTEL; FSSIA estimates

Exhibit 6: Food business revenue



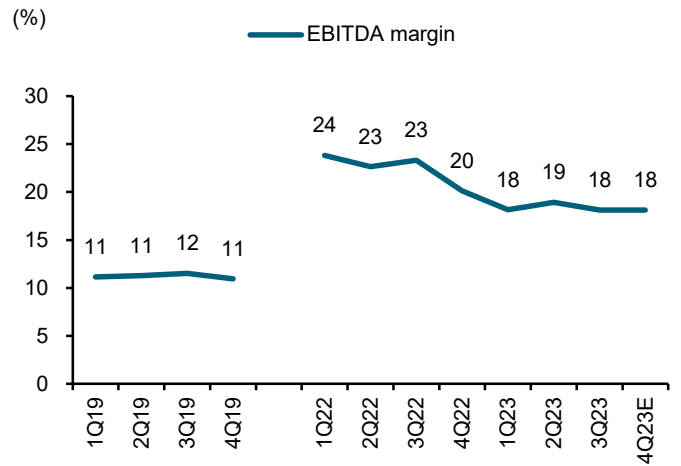
Sources: CENTEL; FSSIA estimates

Exhibit 7: EBITDA margin of hotel business



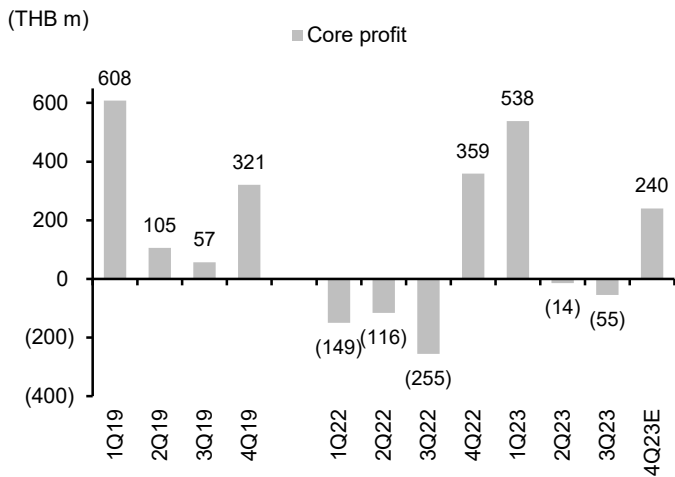
Note: Adopted TFRS16 since 1Q20
Sources: CENTEL; FSSIA estimates

Exhibit 8: EBITDA margin of food business



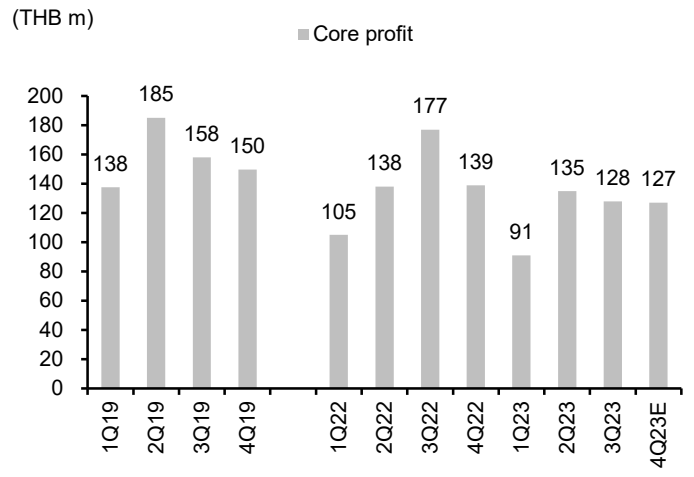
Note: Adopted TFRS16 since 1Q20
Sources: CENTEL; FSSIA estimates

Exhibit 9: Hotel business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 10: Food business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 11: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	5,195	5,530	5,061	5,212	5,767	11	11	21,641	24
- Hotel operations	2,094	2,520	1,895	2,158	2,566	19	23	9,164	54
- Food and beverage	3,101	3,010	3,166	3,054	3,201	5	3	12,477	8
COGS (Incl. depreciation)	(3,021)	(3,049)	(3,045)	(3,121)	(3,293)	6	9	(12,498)	19
Gross profit	2,174	2,481	2,016	2,091	2,474	18	14	9,143	30
SG&A	(1,658)	(1,837)	(1,762)	(1,850)	(1,962)	6	18	(7,481)	17
Operating profit	516	644	254	241	512	113	(1)	1,663	(173)
Net other income	165	275	111	140	154	10	(7)	704	(1)
Interest income	62	59	79	64	66	3	6	239	n/a
Interest expense	(193)	(186)	(273)	(280)	(286)	2	48	(1,036)	43
Pretax profit	551	792	170	164	447	172	(19)	1,570	(164)
Income Tax	(65)	(84)	(81)	(56)	(72)	29	11	(281)	104
Share profit from associates	7	7	7	7	7	0	0	(72)	65
Share profit from JV	16	(34)	3	(62)	(5)				
Minority interest	(11)	(52)	22	20	(10)	(151)	(12)	(27)	65
Core profit	498	629	121	74	367	397	(26)	1,190	(199)
Extraordinaries, GW & FX	0	0	0	0	0			0	
Reported net profit	498	629	121	74	367	397	(26)	1,190	(199)
Shares out (end Q, m)	1,350	1,350	1,350	1,350	1,350	0	0	1,350	0
Pre-ex EPS	0.37	0.47	0.09	0.05	0.27	397	(26)	0.88	199
EPS	0.37	0.47	0.09	0.05	0.27	397	(26)	0.88	199
COGS Excl. depreciation	(2,256)	(2,328)	(2,276)	(2,345)	(2,517)	7	12	(9,471)	29
Depreciation	(765)	(721)	(769)	(776)	(776)	0	1	(3,027)	(3)
EBITDA	1,453	1,647	1,140	1,163	1,449	25	(0)	4,690	25
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	42	45	40	40	43	3	1	42	2
SG&A/Revenue	32	33	35	36	34	(1)	2	35	(2)
Hotel EBITDA margin	38	40	30	26	34	8	(4)		0
Food EBITDA margin	20	18	19	18	18	0	(2)		0
Total EBITDA margin	28	29	23	22	25	4	(3)	22	0
Net profit margin	10	11	2	1	6	5	(3)	5	3
Operating stats									
Hotel									
OCC -Maldives (%)	68	89	56	70	72				
OCC -Thailand (%)	66	76	65	68	70				
OCC -Dubai (%)	84	83	82	77	82				
OCC -Japan (%)	0	0	0	67	77				
ARR - Maldives (THB)	15,634	16,151	12,361	9,558	14,030				
ARR - Thailand (THB)	4,053	4,461	3,901	3,984	4,509				
ARR - Dubai (THB)	7,169	6,444	6,226	5,493	8,322				
ARR - Japan (THB)				6,176	7,094				
RevPAR - Maldives (THB)	10,615	14,295	6,896	6,685	10,127				
RevPAR - Thailand (THB)	2,671	3,407	2,545	2,715	3,149				
RevPAR - Dubai (THB)	6,046	5,374	5,094	4,217	6,840				
RevPAR - Japan (THB)				4,126	5,457				
Food									
SSSG (y-y %)	12	8	5	0	2				
TSSG (y-y %)	18	15	10	4	7				

Sources: CENTEL; FSSIA estimates

Forecast revisions

We revise down our core profit estimate by 13% in 2023 to reflect higher interest expenses and the weak profitability of two hotels under renovation (Karon and Mirage Pattaya). We also revise down our 2024-25 core profit forecasts by 14-22% to reflect the pre-operating expenses and losses from two new Maldives hotels scheduled to open in 4Q24-1Q25.

After our revisions, we forecast 2024 RevPAR growth of the Thai (+8%), Maldives (+13%) and Dubai (+4%) portfolios. Meanwhile, the Osaka hotel should turn profitable with an OCC rate of 80% and THB7,500-8,000 ADR (vs 70% and THB6,600 ADR in 2023). As a result, we expect hotel business revenue to grow by 20% to THB11.0b in 2024. However, the hotel EBITDA margin should drop to 32% (vs 33% in 2023) from the pre-operating expenses of its two new Maldives hotels. This should lead the core profit of the hotel business to grow to THB0.9b in 2024 from THB0.7b in 2023.

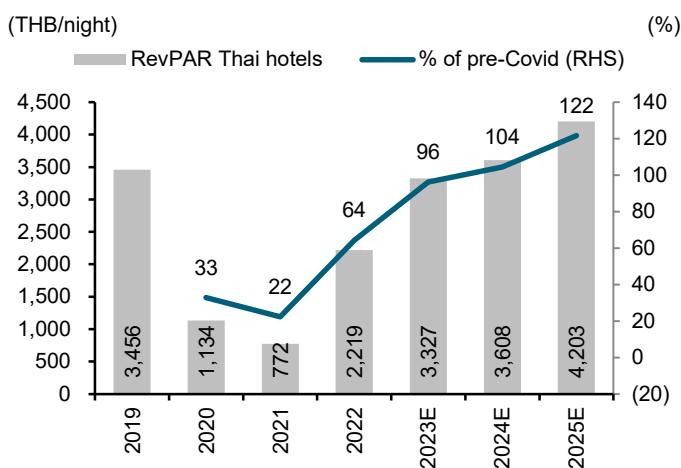
For the food business, we estimate 2024 SSSG and TSSG to grow by 3% and 8%, respectively. The food EBITDA margin should improve to 19% (vs 18% in 2023) from lower raw material costs and effective cost control. This should lead the core profit of the food business to grow to THB0.6b in 2024 from THB0.5b in 2023.

Exhibit 12: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
OCC (%)	70.3	71.3	72.1	67.5	77.1	77.4	2.8	(5.8)	(5.3)
RevPar (THB)	3,327	3,608	4,203	3,205	3,726	4,407	3.8	(3.2)	(4.6)
SSSG (%)	4.0	3.0	2.0	4.0	2.0	2.0	0.0	1.0	0.0
TSSG (%)	8.0	8.0	6.0	10.0	7.0	6.0	(2.0)	1.0	0.0
Total revenue (THB b)	21.6	24.5	26.9	22.0	24.7	27.1	(1.8)	(1.1)	(0.8)
EBITDA margin (%)	21.7	21.7	22.2	23.0	23.3	23.4	(1.3)	(1.7)	(1.2)
Core profit (THB m)	1,190	1,533	1,917	1,375	1,973	2,240	(13.4)	(22.3)	(14.4)

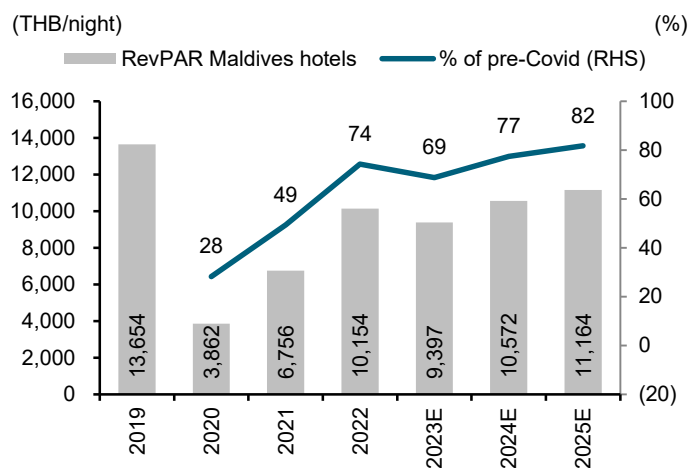
Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 13: CENTEL's Thai hotels RevPAR, yearly



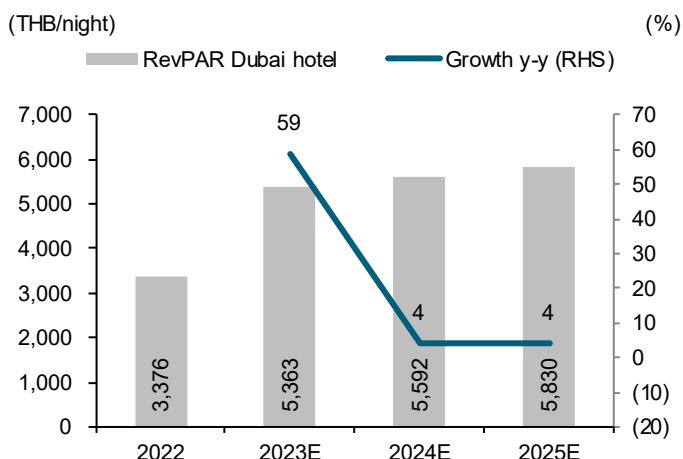
Sources: CENTEL; FSSIA estimates

Exhibit 14: CENTEL's Maldives hotels RevPAR, yearly



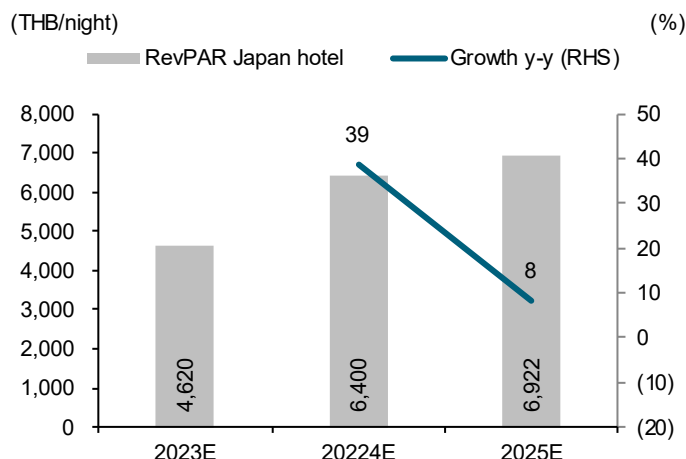
Note: RevPAR excludes F&B revenue since 2021
Sources: CENTEL; FSSIA estimates

Exhibit 15: CENTEL’s Dubai hotel RevPAR, yearly



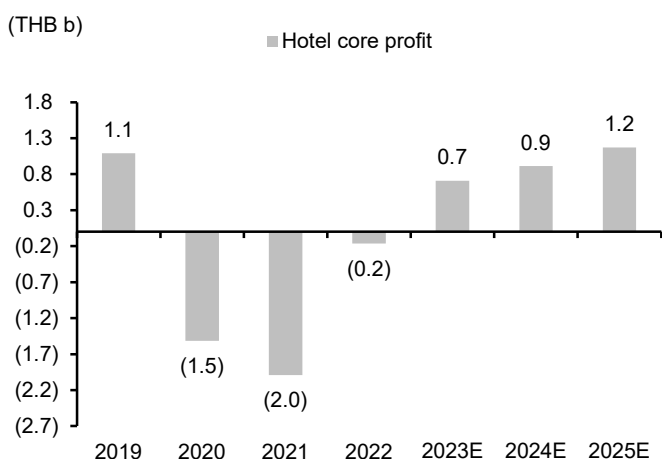
Sources: CENTEL; FSSIA estimates

Exhibit 16: CENTEL’s Japan hotel RevPAR, yearly



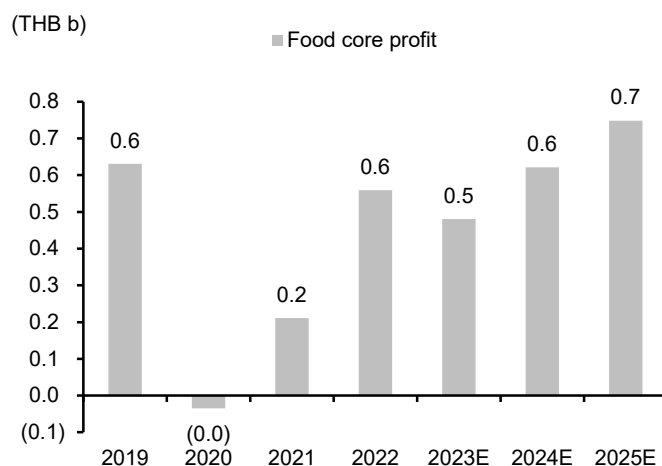
Sources: CENTEL; FSSIA estimates

Exhibit 17: Hotel core profit forecast



Sources: CENTEL; FSSIA estimates

Exhibit 18: Food core profit forecast



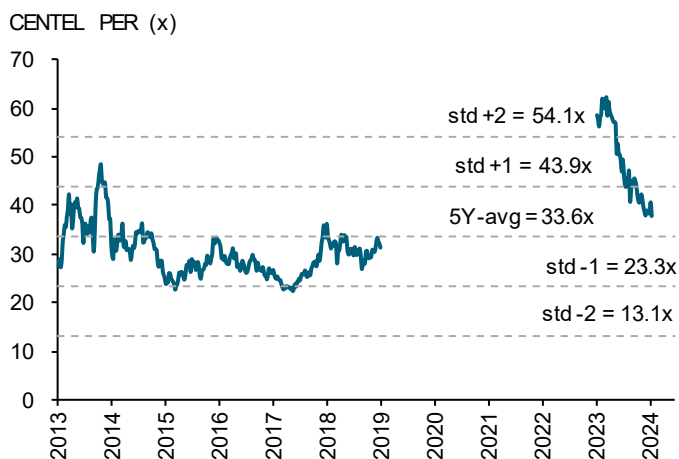
Sources: CENTEL; FSSIA estimates

Exhibit 19: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		3.5
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.1	Net cost of debt, Kd		2.8
Cost of equity, Ke		11.8	Weight applied		40.0
Weight applied		60.0			
WACC		8.2			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		31.9	23.6	WACC 8.2%, risk-free rate 3%, risk premium 8%	
Terminal value		62.7	46.5	Terminal growth 2.5%	
Cash & liquid assets		1.1	0.8	At end-2024E	
Investments		4.6	3.4	At end-2024E	
Debt		(32.4)	(24.0)	At end-2024E	
Minorities		(0.4)	(0.3)	At end-2024E	
Residual ordinary equity		67.5	50.0		

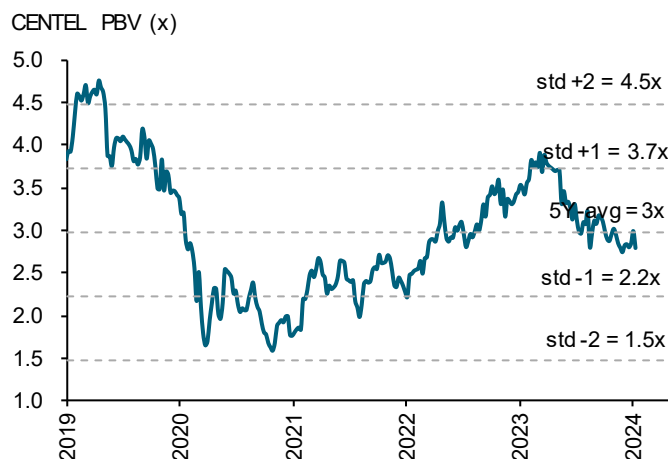
Source: FSSIA estimates

Exhibit 20: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 21: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 22: Peer comparisons as of 16 Jan 2024

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	4.18	5.50	32	3,778	123.2	48.3	45.5	1.3	3.1	1.5	1.5	42.0	29.1
Minor International	MINT TB	BUY	27.75	43.00	55	4,386	24.6	21.7	19.5	8.2	9.5	1.8	2.3	9.5	9.6
Central Plaza Hotel	CENTEL TB	BUY	42.50	50.00	18	1,620	48.2	37.4	29.9	6.2	7.6	2.9	2.8	18.3	16.8
Erawan Group	ERW TB	BUY	4.70	6.30	34	602	33.0	31.5	26.7	10.7	10.2	3.3	2.9	16.0	14.7
S Hotels & Resorts	SHR TB	BUY	2.32	4.40	90	235	171.5	20.7	15.4	0.3	2.5	0.5	0.5	8.6	6.9
Dusit Thani	DUSIT TB	BUY	8.65	15.00	73	208	(13.9)	137.5	6.7	(13.6)	1.5	2.0	2.0	(361.6)	44.3
Bound and Beyond	BEYOND TB	BUY	12.60	22.00	75	103	(26.3)	25.9	16.3	(2.4)	2.3	0.6	0.6	15.5	9.6
Thailand average						10,932	51.5	46.2	22.9	1.5	5.2	1.8	1.8	(36.0)	18.7
Regional															
Btg Hotels Group	600258 CH	n/a	15.88	n/a	n/a	2,382	22.0	17.2	14.4	7.2	8.4	1.5	1.4	9.0	8.2
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.44	n/a	n/a	3,897	8.7	6.1	4.9	7.2	9.3	0.6	0.6	11.5	9.6
Huangshan Tourism Dev.	900942 CH	n/a	0.75	n/a	n/a	1,027	10.7	8.9	8.1	8.1	9.3	0.9	0.8	10.6	8.8
Genting Bhd	GENT MK	n/a	4.70	n/a	n/a	3,865	14.9	10.6	9.3	3.7	4.9	0.6	0.5	6.6	5.9
Huazhu Group	HTHT US	n/a	32.36	n/a	n/a	10,316	19.0	17.2	14.8	34.1	27.6	5.6	4.5	11.5	10.3
Indian Hotels	IH IN	n/a	468.45	n/a	n/a	8,011	72.3	53.3	43.2	12.6	14.4	8.5	7.3	38.4	32.0
Lemon Tree Hotels	LEMONTRE IN	n/a	134.65	n/a	n/a	1,284	92.6	65.3	38.8	12.3	16.0	11.7	10.7	31.5	25.2
Lippo Karawaci	LPKR IJ	n/a	85.00	n/a	n/a	390	15.0	13.6	12.2	2.6	2.8	0.4	0.4	9.0	8.5
Regional average						31,171	31.9	24.0	18.2	11.0	11.6	3.7	3.3	16.0	13.6
Overall average						42,103	41.0	34.4	20.4	6.6	8.6	2.8	2.6	(8.2)	16.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	11,211	17,502	21,641	24,453	26,856
Cost of goods sold	(7,613)	(10,494)	(12,498)	(13,938)	(15,043)
Gross profit	3,598	7,008	9,143	10,515	11,813
Other operating income	-	-	-	-	-
Operating costs	(5,075)	(6,400)	(7,481)	(8,330)	(9,122)
Operating EBITDA	1,690	3,741	4,690	5,300	5,968
Depreciation	(3,167)	(3,133)	(3,027)	(3,115)	(3,277)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,477)	608	1,663	2,185	2,691
Net financing costs	(611)	(547)	(797)	(1,034)	(1,084)
Associates	(64)	(44)	(72)	101	120
Recurring non-operating income	208	491	632	752	837
Non-recurring items	45	0	0	0	0
Profit before tax	(1,835)	552	1,498	1,903	2,444
Tax	78	(138)	(281)	(324)	(465)
Profit after tax	(1,757)	414	1,217	1,579	1,979
Minority interests	24	(16)	(27)	(46)	(62)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,733)	398	1,190	1,533	1,917
Non-recurring items & goodwill (net)	(45)	0	0	0	0
Recurring net profit	(1,778)	398	1,190	1,533	1,917
Per share (THB)					
Recurring EPS *	(1.32)	0.29	0.88	1.14	1.42
Reported EPS	(1.28)	0.29	0.88	1.14	1.42
DPS	0.00	0.00	0.35	0.45	0.57
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
Growth					
Revenue (%)	(13.1)	56.1	23.6	13.0	9.8
Operating EBITDA (%)	1.8	121.3	25.4	13.0	12.6
Operating EBIT (%)	nm	nm	173.3	31.4	23.2
Recurring EPS (%)	nm	nm	199.0	28.8	25.1
Reported EPS (%)	nm	nm	199.0	28.8	25.1
Operating performance					
Gross margin inc. depreciation (%)	32.1	40.0	42.2	43.0	44.0
Gross margin exc. depreciation (%)	60.3	57.9	56.2	55.7	56.2
Operating EBITDA margin (%)	15.1	21.4	21.7	21.7	22.2
Operating EBIT margin (%)	(13.2)	3.5	7.7	8.9	10.0
Net margin (%)	(15.9)	2.3	5.5	6.3	7.1
Effective tax rate (%)	4.3	23.1	17.9	18.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(2.1)	2.0	2.9	2.8	3.3
Inventory days	62.8	43.9	35.4	29.4	30.1
Debtor days	21.4	21.2	25.1	30.6	36.4
Creditor days	186.5	152.0	115.4	91.3	93.5
Operating ROIC (%)	(4.6)	1.3	3.5	3.9	4.4
ROIC (%)	(3.3)	2.0	4.1	4.5	5.0
ROE (%)	(12.7)	2.2	6.2	7.6	9.0
ROA (%)	(2.9)	1.7	3.6	4.2	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	2,070	5,935	9,150	10,963	12,558
F&B revenue	9,127	11,553	12,477	13,475	14,283
Rental income	14	14	14	14	14

Sources: Central Plaza Hotel; FSSIA estimates

Financial Statements

Central Plaza Hotel

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,778)	398	1,190	1,533	1,917
Depreciation	3,167	3,133	3,027	3,115	3,277
Associates & minorities	-	-	-	-	-
Other non-cash items	1,891	(248)	27	46	62
Change in working capital	109	54	(1,213)	(416)	(539)
Cash flow from operations	3,390	3,336	3,032	4,277	4,716
Capex - maintenance	(13,597)	(1,201)	(11,950)	(6,800)	(4,500)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,178)	(644)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(14,775)	(1,845)	(11,950)	(6,800)	(4,500)
Dividends paid	0	0	0	(476)	(613)
Equity finance	0	0	0	0	0
Debt finance	2,032	(1,754)	6,950	3,000	0
Other financing cash flows	9,974	45	(23)	(42)	(58)
Cash flow from financing	12,006	(1,709)	6,927	2,482	(671)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	621	(218)	(1,992)	(41)	(455)
Free cash flow to firm (FCFF)	(10,667.15)	2,217.57	(7,882.72)	(1,285.80)	1,497.38
Free cash flow to equity (FCFE)	620.72	(217.80)	(1,991.61)	434.75	158.54

Per share (THB)

FCFF per share	(7.90)	1.64	(5.84)	(0.95)	1.11
FCFE per share	0.46	(0.16)	(1.48)	0.32	0.12
Recurring cash flow per share	2.43	2.43	3.14	3.48	3.89

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	59,581	59,125	71,075	77,875	82,375
Less: Accumulated depreciation	(22,898)	(24,314)	(27,342)	(30,456)	(33,733)
Tangible fixed assets (net)	36,683	34,811	43,734	47,419	48,642
Intangible fixed assets (net)	360	360	360	360	360
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,921	4,565	4,565	4,565	4,565
Cash & equivalents	3,354	3,137	1,145	1,104	649
A/C receivable	801	1,227	1,754	2,349	3,003
Inventories	748	1,024	813	929	1,010
Other current assets	829	927	1,045	1,181	1,297
Current assets	5,732	6,315	4,757	5,563	5,959
Other assets	1,896	2,115	2,115	2,115	2,115
Total assets	48,593	48,166	55,531	60,022	61,642
Common equity	18,076	18,518	19,708	20,765	22,069
Minorities etc.	355	373	376	380	384
Total shareholders' equity	18,432	18,891	20,085	21,145	22,453
Long term debt	22,265	21,671	28,621	31,621	31,621
Other long-term liabilities	2,939	2,952	2,952	2,952	2,952
Long-term liabilities	25,203	24,623	31,573	34,573	34,573
A/C payable	2,669	3,460	2,528	2,889	3,141
Short term debt	1,970	809	809	809	809
Other current liabilities	319	383	536	606	666
Current liabilities	4,958	4,652	3,873	4,304	4,615
Total liabilities and shareholders' equity	48,593	48,166	55,531	60,022	61,642
Net working capital	(611)	(665)	548	965	1,504
Invested capital	42,250	41,186	51,322	55,424	57,186

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

Per share (THB)

Book value per share	13.39	13.72	14.60	15.38	16.35
Tangible book value per share	13.12	13.45	14.33	15.11	16.08

Financial strength

Net debt/equity (%)	113.3	102.4	140.8	148.2	141.5
Net debt/total assets (%)	43.0	40.2	50.9	52.2	51.6
Current ratio (x)	1.2	1.4	1.2	1.3	1.3
CF interest cover (x)	2.0	0.6	(1.5)	1.4	1.1

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(32.3)	144.1	48.2	37.4	29.9
Recurring P/E @ target price (x) *	(38.0)	169.6	56.7	44.0	35.2
Reported P/E (x)	(33.1)	144.1	48.2	37.4	29.9
Dividend yield (%)	-	-	0.8	1.1	1.3
Price/book (x)	3.2	3.1	2.9	2.8	2.6
Price/tangible book (x)	3.2	3.2	3.0	2.8	2.6
EV/EBITDA (x) **	46.5	20.6	18.3	16.8	15.0
EV/EBITDA @ target price (x) **	52.5	23.3	20.5	18.7	16.7
EV/invested capital (x)	1.9	1.9	1.7	1.6	1.6

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

Sources: Central Plaza Hotel; FSSIA estimates

Central Plaza Hotel PCL (CENTEL TB)

FSSIA ESG rating

★ ★ ★ ★

62.78 /100

Exhibit 23: 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 24: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	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	67.12	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	24.98	--	--	--	5.00	5.00	Certified	--	39.83	--	--	--	--	--	--
CENTEL	62.78	--	Y	Y	5.00	5.00	Certified	Medium	57.54	--	--	71.56	48.00	2.93	54.19
DUSIT	24.81	--	--	--	5.00	4.00	Certified	--	46.50	--	--	--	--	--	--
ERW	39.65	--	--	--	4.00	4.00	Certified	--	54.22	--	--	51.15	21.00	3.90	--
MINT	84.43	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's compilation

Exhibit 25: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.48	2.93
BESG environmental pillar score	—	—	2.28	2.32
BESG social pillar score	—	—	1.94	2.61
BESG governance pillar score	—	—	3.83	4.69
ESG disclosure score	43.86	52.49	53.62	54.19
Environmental disclosure score	35.52	43.73	43.73	45.45
Social disclosure score	27.39	32.53	35.91	35.91
Governance disclosure score	68.57	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes
GHG scope 1	27	23	15	35
GHG scope 2 location-based	41	25	19	51
GHG Scope 3	7	4	3	11
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	157	354	403	207
Renewable energy use	27	178	394	1
Electricity used	—	135	119	113
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 26: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0
Total waste	5	2	2	6
Waste recycled	—	1	1	2
Waste sent to landfills	—	1	1	4
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes
Pct women in workforce	61	59	64	63
Pct disabled in workforce	2	3	1	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0
Total recordable incident rate - employees	0	1	1	1
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	18,280	8,591	13,087	15,007
Employee turnover pct	—	22	13	31
Total hours spent by firm - employee training	253,372	76,888	186,523	277,319
Social supply chain management	Yes	Yes	Yes	Yes
Governance				
Board size	11	13	13	12
No. of independent directors (ID)	5	5	5	4
No. of women on board	1	3	3	4
No. of non-executive directors on board	10	7	7	10
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	5	5	4
Board meeting attendance pct	98	97	100	100
Board duration (years)	—	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	54	55	56	57
Age of the oldest director	80	81	81	80
No. of executives / company managers	1	11	12	7
No. of female executives	0	3	3	2
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	4	3	3
No. of ID on audit committee	3	4	3	3
Audit committee meetings	8	7	8	8
Audit meeting attendance %	96	100	100	100
Size of compensation committee	4	5	4	4
No. of ID on compensation committee	2	3	2	2
No. of compensation committee meetings	3	2	3	3
Compensation meeting attendance %	100	100	92	100
Size of nomination committee	4	5	4	4
No. of nomination committee meetings	3	2	3	3
Nomination meeting attendance %	100	100	92	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; 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+																	
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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="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">AAA</td> <td style="vertical-align: top;">8.571-10.000</td> <td style="vertical-align: top;">Leader:</td> <td style="vertical-align: top;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="vertical-align: top;">AA</td> <td style="vertical-align: top;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">A</td> <td style="vertical-align: top;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">BBB</td> <td style="vertical-align: top;">4.286-5.713</td> <td style="vertical-align: top;">Average:</td> <td style="vertical-align: top;">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="vertical-align: top;">BB</td> <td style="vertical-align: top;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">B</td> <td style="vertical-align: top;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">CCC</td> <td style="vertical-align: top;">0.000-1.428</td> <td style="vertical-align: top;">Laggard:</td> <td style="vertical-align: top;">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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.																											

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"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

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

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Company	Ticker	Price	Rating	Valuation & Risks
Central Plaza Hotel	CENTEL TB	THB 42.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 4.18	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 27.75	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.70	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 2.32	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 12.60	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.

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 16-Jan-2024 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.