

S HOTELS AND RESORTS

THAILAND / TOURISM & LEISURE

SHR TB

BUY

UNCHANGED

TARGET PRICE	THB4.00
CLOSE	THB2.20
UP/DOWNSIDE	+81.8%
PRIOR TP	THB4.40
CHANGE IN TP	-9.1%
TP vs CONSENSUS	+18.3%

A beacon of hope in Maldives

- Maldives' RevPAR to bounce back and grow again in 4Q23; strong outlook in 1Q24 with potential OCC rate to reach 85-90%.
- Expect earnings to turn around in 4Q23 with strong momentum in 1Q24, led by the full operation of all portfolios.
- Maintain BUY with a lower DCF-TP of THB4.0/shr

Chinese tourists to drive 2024 Maldives tourism

There is a sign of recovery for SHR's Maldives hotels as RevPAR is likely to bounce back from 11-15% y-y declines in 2Q-3Q23 to grow by 2-3% y-y in 4Q23, driven by strong European tourist numbers, which account for 40-50% of SHR's Maldives hotels. The momentum is likely to continue in 1Q24 premised on strong forward bookings of 75-85% and a targeted OCC rate of 85-90% in 1Q24 (vs 68% in 4Q23 and 88% in 1Q23), supported by more connecting flights to Maldives in 1Q24. We also expect Maldives inbound Chinese tourists to recover from 66% of pre-Covid in 2023 to 75-85% in 2024 (already recovered to 71% in Dec-23).

Two Thai hotels and Mauritius hotel to fully operate in 1Q24

We expect core profit to turn around to THB10m in 4Q23 (vs a THB10m core loss in 3Q23), driven by the high tourism season for Thailand and Maldives coupled with strong ADR (+15-20% y-y) for Fiji hotels. On a negative note, SHR should book a share of loss of THB60m-70m from SO/ Maldives, which recently opened in Nov-23. We expect the earnings momentum to continue in 1Q24 thanks to the promising outlook of Maldives hotels and the full operation of Saii Laguna Phuket and Saii Phi Phi Island Village (completed first renovation phase in Dec-23) plus Outrigger Mauritius (completed water system repairs in Nov-23).

SO/ Maldives should reach EBITDA breakeven in 2024

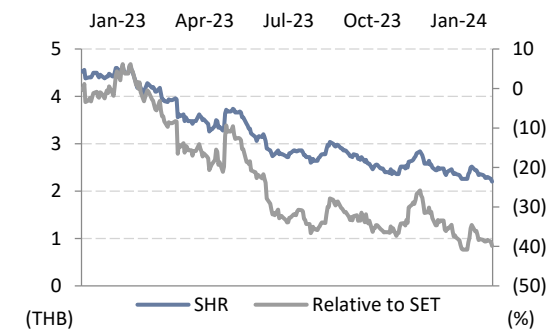
We expect revenue to grow by 10% in 2024, driven mainly by Maldives, Mauritius and Fiji hotels. The EBITDA margin should improve to 24-25% in 2024 (vs 23% in 2023). We estimate a THB120m-130m share of loss from SO/ Maldives based on an OCC rate of 55% and ADR of USD700-800, which should be sufficient to break even at the EBITDA level. Overall, we forecast core profit to jump to THB307m in 2024.

Good entry point to capture recovery of Maldives tourism

We adjust 2023E core profit to reflect our 4Q23E and cut 2024-25E profit by 3-24% to reflect the share of loss from SO/ Maldives, deriving a new 2024 DCF-TP of THB4.0. We believe this is a good entry point for SHR as the risk/reward is gearing to positive. It trades at cheap valuations of 0.5x 2024E P/BV and 7x 2024E EV/EBITDA (vs peers' averages of 1.7x and 18x). The recovery of Maldives tourism is a key share price catalyst.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	8,693	9,710	10,711	11,205
Net profit	14	26	307	525
EPS (THB)	0.00	0.01	0.09	0.15
vs Consensus (%)	-	(23.1)	28.6	(10.2)
EBITDA	1,859	2,226	2,577	2,721
Recurring net profit	(39)	26	307	525
Core EPS (THB)	(0.01)	0.01	0.09	0.15
Chg. In EPS est. (%)	nm	(46.6)	(23.7)	(3.2)
EPS growth (%)	nm	nm	1,083.5	70.8
Core P/E (x)	(203.1)	304.4	25.7	15.1
Dividend yield (%)	-	0.1	1.6	2.7
EV/EBITDA (x)	11.9	8.3	6.7	6.0
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	88.6	66.3	58.0	50.0
ROE (%)	(0.2)	0.2	1.9	3.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.8)	(8.3)	(50.7)
Relative to country (%)	(3.4)	(5.4)	(38.8)
Mkt cap (USD m)	221		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	34		
Major shareholder	S Hotels and Resorts Inter (49%)		
12m high/low (THB)	4.70/2.20		
Issued shares (m)	3,593.64		

Sources: Bloomberg consensus; FSSIA estimates


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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.

We expect SHR's core profit to jump in 2024, driven by the recovery of Maldives hotels, with the Maldives government targeting tourist arrivals of 2.0m in 2024 (vs 1.7m in 2019 and 1.9m in 2023). In addition, the reopening of Outrigger Mauritius and the completed renovation of Outrigger Fiji should improve SHR's profitability margin.

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 3Q23.

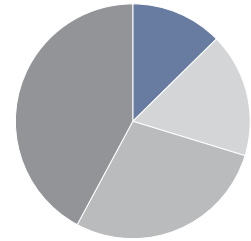
Company profile

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

www.shotelsresorts.com

Principal activities (revenue, 2022)

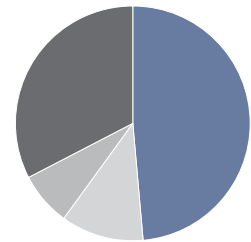
- Self-managed - 12.6 %
- Outrigger - 17.1 %
- Crossroads Ph1 (Maldives hotels) - 28.1 %
- UK - 42.1 %



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) a higher hotel room supply, 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
	(%)	(%)	(%)
Self-Managed - Number of rooms (no.)	604	604	604
Self-Managed - Occupancy rate (OCC)	67.0	64.0	67.0
Self-Managed - RevPAR growth	63.5	0.3	7.8
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	68.0	73.0	74.0
Project Crossroads - RevPAR growth	(0.8)	22.4	5.4
UK - Number of rooms (no.)	2,940	2,940	2,940
UK - Occupancy rate (OCC)	70.0	70.5	71.0
UK - RevPAR growth	24.9	4.7	3.7

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2024 profit increase of 20%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2024 profit increase of 26%, and vice versa, all else being equal.

Source: FSSIA estimates

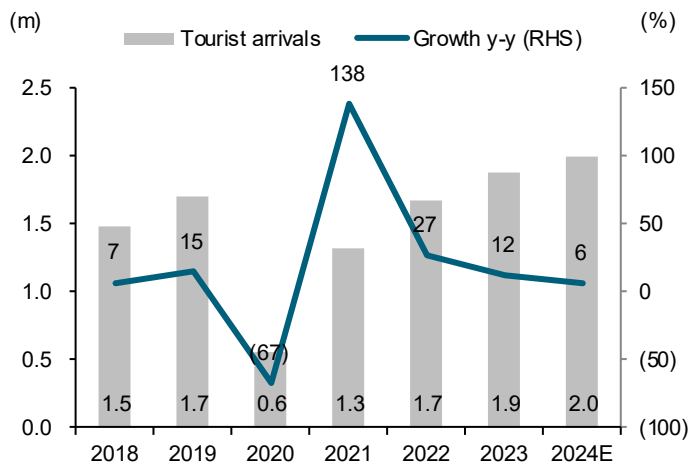
Maldives tourism to recover in 2024

Inbound Chinese tourists grew by 12% to 1.9m in 2023, exceeding the pre-Covid level by 10%. However, hotel operators suffered from the declining RevPAR trend last year. We believe this was due to higher supply. Bed capacity exceeded pre-Covid by 32% in 2023, especially guesthouses, which exceeded pre-Covid by 61%.

There was a change in tourist arrival nationality mix from the top three of China (17%), India (10%) and Italy (8%) in 2019 to India (11%), Russia (11%) and China (10%) in 2023. The rising Indian tourist numbers are likely to result in the greater popularity of guesthouses, as the average OCC rate increased to 43% in 2023 (vs 31% in 2022 and 34% in 2019), while the OCC rate of resorts decreased to 66% in 2023 (vs 71% in 2022 and 74% in 2019).

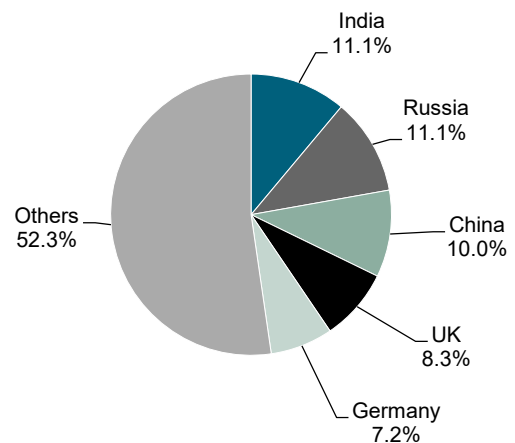
Maldives government targets 2.0m (+6% y-y) inbound tourist arrivals in 2024. We believe Chinese tourists should be the key growth driver, as they recovered to only 66% of pre-Covid in 2023. This should boost the demand for resorts, in our view.

Exhibit 1: Maldives industry – yearly tourist arrivals



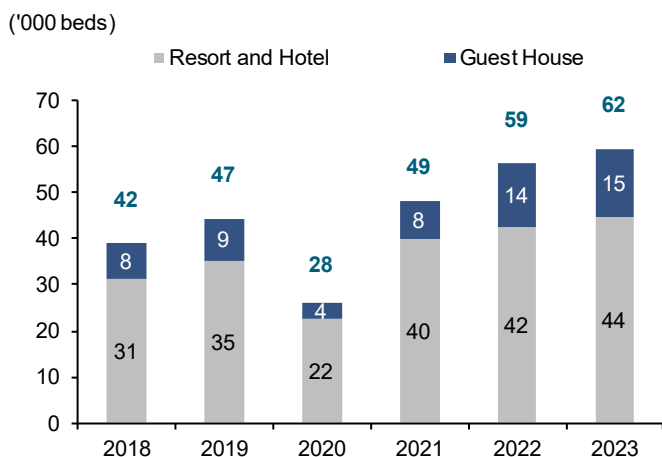
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 2: Maldives industry – tourist arrival breakdown in 2023



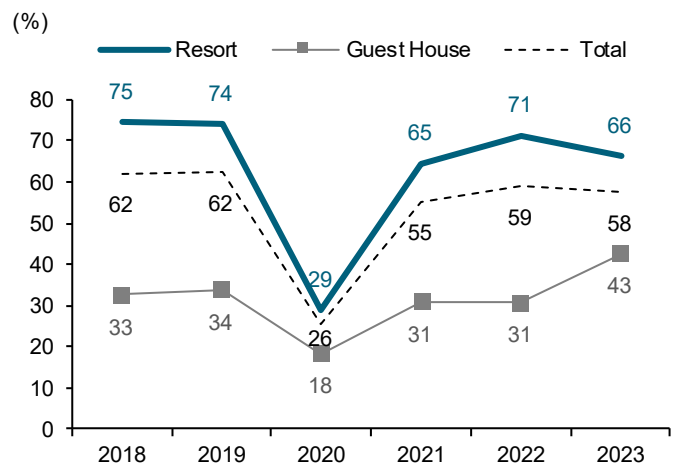
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 3: Maldives industry – bed capacity in operation



Sources: Ministry of Tourism, Republic of Maldives

Exhibit 4: Maldives industry – occupancy rate



Sources: Ministry of Tourism, Republic of Maldives

The tension between India and Maldives should have a limited impact on SHR

The dispute between India and Maldives over the comment made by Maldives' deputy minister regarding the Indian prime minister's visit to Lakshadweep is likely to have a mild impact on SHR's hotels in Maldives, in our view.

SHR has seen only a small amount of room cancellations, mostly from agencies. There is a limited impact on Indian FIT travellers. The strong demand from Chinese and European tourists should more than offset the impact. Note that Indian guests account for only 6% of SHR's Maldives hotels as of 2023, while European guests account for more than 40%, especially those from Russia (22%) and the UK (12%).

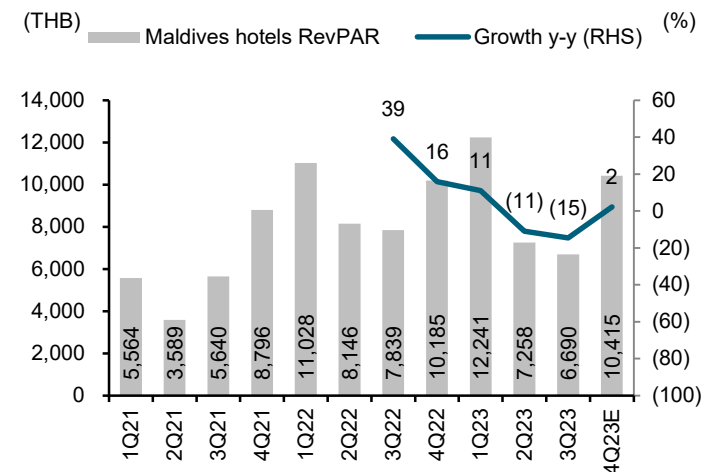
4Q23 results preview

We expect RevPAR of Maldives hotels grow by 2% y-y and 56% q-q in 4Q23, driven mainly by an OCC rate of 68% (vs 63% in both 4Q22 and 3Q23). RevPAR of Thai hotels should also grow by 34% q-q due to seasonality, but should drop by 6% y-y, pressured by the partial renovation of two hotels (Saii Laguna Phuket and Saii Phi Phi Island Village). RevPAR of UK hotels should also grow by 11% y-y in 4Q23.

RevPAR of Outrigger should drop by 10% q-q in the quarter due to the low season for Fiji hotels, and should drop by 12% y-y due to the temporary closure of the Mauritius hotel, which recently fully reopened in Dec-23.

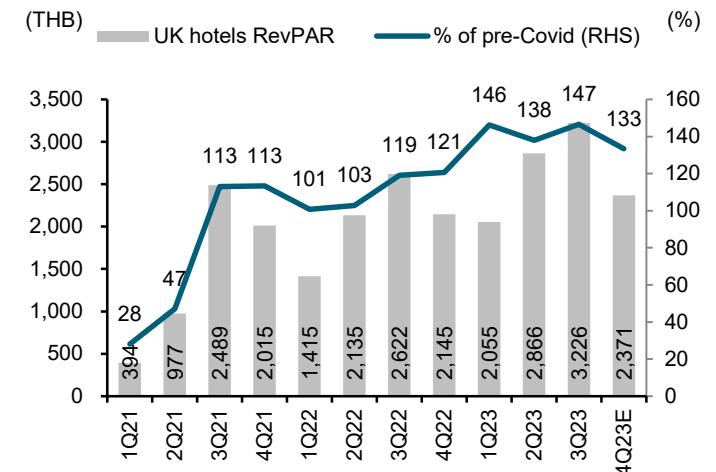
We estimate 4Q23 revenue to grow by 3% q-q. SHR should book a share of loss of THB65m from pre-operating expenses and an operating loss from SO/ Maldives, which recently opened in Nov-23. Interest expenses should be relatively flat q-q. Overall, we forecast core earnings to turn around to THB10m in profit (vs a THB10m loss in 3Q23), driven by the improving performance of Thai and Maldives hotels and strong ADR of Fiji hotels.

Exhibit 5: SHR's Crossroads (Maldives) hotels RevPAR



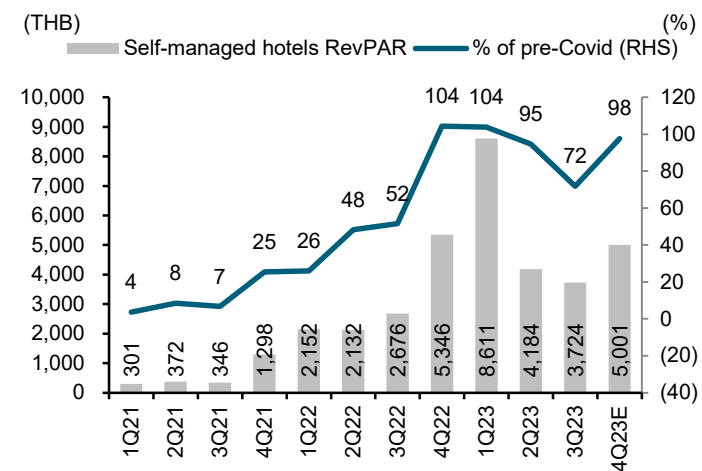
Sources: SHR; FSSIA estimates

Exhibit 6: SHR's UK hotels RevPAR



Sources: SHR; FSSIA estimates

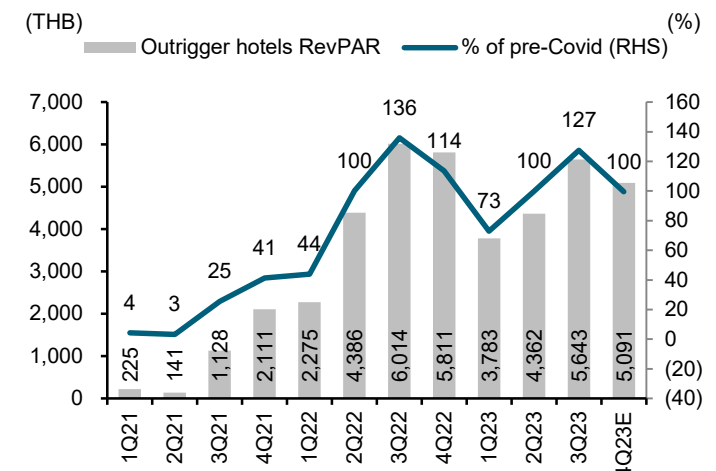
Exhibit 7: SHR's self-managed (Thailand) hotels RevPAR



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 8: 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 9: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	2,570	2,544	2,277	2,401	2,476	3	(4)	9,710
- Self-Managed Hotels	434	642	363	320	410	28	(5)	
- Outrigger Hotels	474	302	334	402	389	(3)	(18)	
- Project Crossroads Hotels	676	815	518	519	705	36	4	
- UK	986	785	1,062	1,161	972	(16)	(1)	
COGS (Incl. depreciation)	(1,593)	(1,605)	(1,599)	(1,548)	(1,548)	(0)	(3)	(6,305)
Gross profit	976	939	678	853	929	9	(5)	3,405
SG&A	(596)	(576)	(571)	(597)	(603)	1	1	(2,356)
Operating profit	380	363	107	256	326	27	(14)	1,048
Other income	11	35	43	91	58	(37)	440	227
- Interest income from JV		3	1	(3)				
- Other income	11	32	42	95	58	(39)	440	227
Interest expense	(241)	(248)	(273)	(304)	(309)	2	28	(1,132)
Pretax profit	150	150	(123)	44	75	71	(50)	143
Income Tax	(21)	(1)	10	(42)	0	(100)	(100)	(33)
Associates	(4)	(4)	(6)	(12)	(65)	426	1,368	(85)
Minority interest	0	0	0	0				0
Core profit	125	145	(119)	(10)	10	199	(92)	26
Extraordinaries, GW & FX	(17)	(20)	2	25				0
Net unrealized (loss)/gain on FX	(17)	(20)	2	25				0
Non-recurring items			0	0				
Reported net profit	108	125	(117)	15	10	33	(91)	26
Shares out (end Q, m)	3,664	3,664	3,664	3,664	3,664	0	0	3,664
Core EPS	0.03	0.04	(0.03)	(0.00)	0.00	199	(92)	0.01
EPS	0.03	0.03	(0.03)	0.00	0.00	33	(91)	0.01
COGS (Excl. depreciation)	(1,302)	(1,327)	(1,302)	(1,248)	(1,247)	(0)	(4)	(5,128)
Depreciation	(291)	(277)	(297)	(301)	(301)	0	3	(1,177)
EBITDA	678	672	440	636	619	(3)	(9)	2,368
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	38	37	30	36	38	(2)	(0)	35
SG&A/Revenue	23	23	25	25	24	1	1	24
EBITDA margin	26	26	19	26	25	1	(1)	24
Net profit margin	4	5	(5)	1	0	0	(4)	0
Operating stats								
Self-Managed Hotels								
OCC (%)	71.9	87.5	64.1	59.2	57.0			
ADR (THB)	7,435	9,840	6,528	6,344	8,773			
RevPAR (THB)	5,346	8,611	4,184	3,724	5,001			
Outrigger Hotels								
OCC (%)	79.6	55.4	45.5	43.3	51.0			
ADR (THB)	7,304	6,831	9,582	13,024	9,982			
RevPAR (THB)	5,811	3,783	4,362	5,643	5,091			
Project Crossroads Hotels								
OCC (%)	63.2	87.5	53.7	63.2	68.0			
ADR (THB)	16,123	13,994	13,521	10,584	15,317			
RevPAR (THB)	10,185	12,241	7,258	6,690	10,415			
UK Hotels								
OCC (%)	62.7	65.6	74.1	76.1	66.0			
ADR (THB)	3,421	3,133	3,866	4,237	3,592			
RevPAR (THB)	2,145	2,055	2,866	3,226	2,371			

Sources: SHR; FSSIA estimates

Exhibit 10: Forecast revisions

	Current			Previous			Change		
	2023E (THB)	2024E (THB)	2025E (THB)	2023E (THB)	2024E (THB)	2025E (THB)	2023E (%)	2024E (%)	2025E (%)
Self-managed - OCC rate (%)	67.0	64.0	67.0	72.0	69.0	72.0	(5.0)	(5.0)	(5.0)
Self-managed - RevPAR	5,293	5,309	5,724	5,400	5,175	5,562	(2.0)	2.6	2.9
Outrigger - OCC rate (%)	49.0	71.0	71.5	53.0	67.0	67.0	(4.0)	4.0	4.5
Outrigger - RevPAR	4,827	5,957	6,179	4,834	5,377	5,538	(0.1)	10.8	11.6
Project Crossroads - OCC rate (%)	68.0	73.0	74.0	68.0	69.0	71.0	-	4.0	3.0
Project Crossroads - RevPAR	9,218	11,281	11,893	9,314	9,734	10,317	(1.0)	15.9	15.3
UK -OCC rate (%)	70	71	71	72	73	73	(2.0)	(2.0)	(2.0)
UK -RevPAR	2,602	2,725	2,827	2,694	2,849	2,954	(3.4)	(4.3)	(4.3)
Revenue (THB b)	9.7	10.7	11.2	9.8	10.6	11.2	(1.3)	0.6	0.5
EBITDA margin (%)	22.9	24.1	24.3	22.2	24.1	25.0	0.7	0.0	(0.8)
Core earnings (THB m)	26	307	525	49	403	542	(46.6)	(23.7)	(3.2)

Note: Change in % terms is represented in ppt change

Source: FSSIA estimates

Exhibit 11: DCF valuation

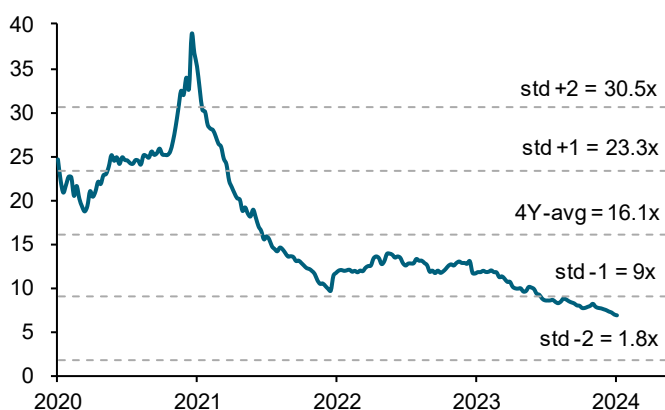
Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	4.0
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.3		
Cost of equity, Ke	13.2	Net cost of debt, Kd	3.2
Weight applied	60.0	Weight applied	40.0
WACC	9.2		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	12.0	3.3	WACC 9.2%, risk-free rate 3%, risk premium 8%
Terminal value	11.2	3.1	Terminal growth 2.5%
Cash & liquid assets	7.5	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	14.5	4.0	

Source: FSSIA estimates

Exhibit 12: Historical EV/EBITDA band

SHR EV/EBITDA (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Historical P/BV band

SHR PBV (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 23 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	3.70	5.50	49	3,314	109.0	42.7	40.2	1.3	3.1	1.4	1.3	38.7	26.9
Minor International	MINT TB	BUY	27.75	43.00	55	4,345	24.6	21.7	19.5	8.2	9.5	1.8	2.3	9.5	9.6
Central Plaza Hotel	CENDEL TB	BUY	41.50	50.00	20	1,568	47.1	36.5	29.2	6.2	7.6	2.8	2.7	18.1	16.6
Erawan Group	ERW TB	BUY	4.84	6.30	30	614	31.9	31.7	27.5	11.4	10.4	3.4	3.0	16.2	15.5
S Hotels & Resorts	SHR TB	BUY	2.20	4.00	82	221	304.4	25.7	15.1	0.2	1.9	0.5	0.5	8.3	6.7
Dusit Thani	DUSIT TB	BUY	7.95	15.00	89	189	(12.8)	126.4	6.2	(13.6)	1.5	1.9	1.8	(351.8)	43.3
Bound and Beyond	BEYOND TB	BUY	12.00	22.00	83	97	(25.0)	24.7	15.5	(2.4)	2.3	0.6	0.6	15.1	9.4
Thailand average						10,348	68.5	44.2	21.9	1.6	5.2	1.8	1.7	(35.1)	18.3
Regional															
Btg Hotels Group	600258 CH	n/a	14.43	n/a	n/a	2,247	20.4	16.1	13.5	7.2	8.5	1.4	1.3	8.7	7.9
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.33	n/a	n/a	3,639	8.5	5.9	4.8	7.0	9.1	0.6	0.5	12.2	10.2
Huangshan Tourism Dev.	900942 CH	n/a	0.71	n/a	n/a	985	10.1	8.6	7.9	8.1	9.3	0.8	0.8	10.0	8.3
Genting Bhd	GENT MK	n/a	4.68	n/a	n/a	3,811	14.8	10.5	9.3	3.7	4.9	0.6	0.5	6.6	5.9
Huazhu Group	HTHT US	n/a	31.17	n/a	n/a	9,936	18.1	16.3	14.4	33.8	27.5	5.4	4.3	10.9	9.8
Indian Hotels	IH IN	n/a	471.30	n/a	n/a	8,068	72.7	53.7	44.0	12.6	14.3	8.5	7.4	38.7	32.1
Lemon Tree Hotels	LEMONTRE IN	n/a	138.40	n/a	n/a	1,319	95.2	67.1	39.9	12.3	16.0	12.0	11.0	32.2	25.8
Lippo Karawaci	LPKR IJ	n/a	83.00	n/a	n/a	375	14.5	13.2	11.8	2.6	2.8	0.4	0.4	8.9	8.4
Regional average						30,379	31.8	23.9	18.2	10.9	11.6	3.7	3.3	16.0	13.6
Overall average						40,727	48.9	33.4	19.9	6.6	8.6	2.8	2.6	(7.8)	15.8

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	9,710	10,711	11,205
Cost of goods sold	(3,596)	(5,807)	(6,305)	(6,779)	(7,047)
Gross profit	916	2,885	3,405	3,931	4,158
Other operating income	-	-	-	-	-
Operating costs	(1,742)	(2,142)	(2,356)	(2,545)	(2,654)
Operating EBITDA	363	1,859	2,226	2,577	2,721
Depreciation	(1,189)	(1,116)	(1,177)	(1,190)	(1,217)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(826)	743	1,048	1,386	1,504
Net financing costs	(693)	(842)	(1,132)	(1,107)	(1,078)
Associates	(3)	(21)	(85)	(117)	5
Recurring non-operating income	158	73	142	103	230
Non-recurring items	(5)	53	0	0	0
Profit before tax	(1,366)	27	59	382	655
Tax	131	(13)	(33)	(75)	(130)
Profit after tax	(1,234)	14	26	307	525
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(1,234)	14	26	307	525
Non-recurring items & goodwill (net)	5	(53)	0	0	0
Recurring net profit	(1,229)	(39)	26	307	525
Per share (THB)					
Recurring EPS *	(0.34)	(0.01)	0.01	0.09	0.15
Reported EPS	(0.34)	0.00	0.01	0.09	0.15
DPS	0.00	0.00	0.00	0.03	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	11.7	10.3	4.6
Operating EBITDA (%)	nm	411.7	19.7	15.8	5.6
Operating EBIT (%)	nm	nm	41.1	32.2	8.5
Recurring EPS (%)	nm	nm	nm	1,083.5	70.8
Reported EPS (%)	nm	nm	80.6	1,083.5	70.8
Operating performance					
Gross margin inc. depreciation (%)	20.3	33.2	35.1	36.7	37.1
Gross margin exc. depreciation (%)	46.7	46.0	47.2	47.8	48.0
Operating EBITDA margin (%)	8.1	21.4	22.9	24.1	24.3
Operating EBIT margin (%)	(18.3)	8.5	10.8	12.9	13.4
Net margin (%)	(27.2)	(0.4)	0.3	2.9	4.7
Effective tax rate (%)	9.7	(289.8)	12.0	15.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	(1.0)	1.0	1.1	1.3	1.6
Inventory days	28.3	16.6	17.0	17.0	17.4
Debtor days	17.8	18.7	18.8	17.1	16.3
Creditor days	168.5	130.1	233.3	330.6	337.7
Operating ROIC (%)	(2.9)	9.7	3.4	4.7	5.0
ROIC (%)	(2.1)	9.7	3.5	4.6	5.1
ROE (%)	(7.8)	(0.2)	0.2	1.9	3.2
ROA (%)	(1.9)	8.8	2.6	3.1	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Self-managed	234	1,098	1,727	1,732	1,868
Outrigger	205	1,486	1,450	1,823	1,879
Crossroads Ph1 (Maldives hotels)	1,627	2,445	2,568	3,003	3,150
UK	2,446	3,664	3,964	4,152	4,307

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)	26	307	525
Depreciation	1,189	1,116	1,177	1,190	1,217
Associates & minorities	-	-	-	-	-
Other non-cash items	(190)	109	(8)	(8)	(8)
Change in working capital	(750)	1,052	3,008	311	165
Cash flow from operations	(981)	2,238	4,203	1,801	1,899
Capex - maintenance	(11,050)	(116)	(574)	(635)	(664)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	1,555	(277)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(9,495)	(393)	(574)	(635)	(664)
Dividends paid	0	0	0	(10)	(123)
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	(910)	(123)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(579)	566	4,785	256	1,112
Free cash flow to firm (FCFF)	(9,783.45)	2,686.85	4,760.33	2,273.04	2,312.89
Free cash flow to equity (FCFE)	(591.92)	565.63	4,828.33	265.99	1,234.64

Per share (THB)

FCFF per share	(2.72)	0.75	1.32	0.63	0.64
FCFE per share	(0.16)	0.16	1.34	0.07	0.34
Recurring cash flow per share	(0.06)	0.33	0.33	0.41	0.48

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	36,405	36,291	36,873	37,516	38,188
Less: Accumulated depreciation	(6,444)	(7,323)	(8,500)	(9,690)	(10,907)
Tangible fixed assets (net)	29,961	28,968	28,373	27,826	27,281
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	7,264	7,520	8,631
A/C receivable	387	501	501	501	501
Inventories	198	229	250	272	284
Other current assets	2,224	1,324	1,479	1,631	1,706
Current assets	4,723	4,533	9,494	9,924	11,123
Other assets	463	615	615	615	615
Total assets	37,214	36,450	40,816	40,698	41,352
Common equity	15,882	16,019	16,001	16,298	16,700
Minorities etc.	0	0	0	0	0
Total shareholders' equity	15,882	16,019	16,001	16,298	16,700
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	4,844	5,280	5,507
Short term debt	0	0	0	0	0
Other current liabilities	213	433	484	534	559
Current liabilities	1,848	2,144	5,328	5,814	6,065
Total liabilities and shareholders' equity	37,214	36,450	40,816	40,698	41,352
Net working capital	961	(90)	(3,098)	(3,409)	(3,574)
Invested capital	33,453	31,826	28,224	27,365	26,656

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

Per share (THB)

Book value per share	4.42	4.46	4.45	4.54	4.65
Tangible book value per share	3.96	4.00	4.00	4.08	4.19

Financial strength

Net debt/equity (%)	101.9	88.6	66.3	58.0	50.0
Net debt/total assets (%)	43.5	38.9	26.0	23.2	20.2
Current ratio (x)	2.6	2.1	1.8	1.7	1.8
CF interest cover (x)	0.1	1.7	5.3	1.2	2.1

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(6.4)	(203.1)	304.4	25.7	15.1
Recurring P/E @ target price (x) *	(11.7)	(369.4)	553.4	46.8	27.4
Reported P/E (x)	(6.4)	549.7	304.4	25.7	15.1
Dividend yield (%)	-	-	0.1	1.6	2.7
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.5	0.6	0.5	0.5
EV/EBITDA (x) **	66.3	11.9	8.3	6.7	6.0
EV/EBITDA @ target price (x) **	84.1	15.4	11.2	9.2	8.3
EV/invested capital (x)	0.7	0.7	0.7	0.6	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

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="1" style="margin-left: auto; margin-right: auto;"> <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.																			

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

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 2.20	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 3.70	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.
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.
Central Plaza Hotel	CEN TEL TB	THB 41.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.84	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 7.95	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 12.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 23-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.