

# BOUND AND BEYOND BEYOND TB

## THAILAND / TOURISM & LEISURE

# BUY

UNCHANGED

## Clear sign of a turnaround

- Expect 1Q24 core profit to turn around and hit a new record high with strong RevPAR growth of 20-25% y-y.
- Core earnings should turn profitable in 2024, led by a strong OCC rate of almost 60% and lower interest expenses.
- Maintain BUY with a 2024 DCF-derived TP of THB22/shr.

TARGET PRICE	THB22.00
CLOSE	THB11.60
UP/DOWNSIDE	+89.7%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,978	3,395	3,642	3,836
Net profit	158	134	239	286
EPS (THB)	0.55	0.43	0.77	0.92
vs Consensus (%)	-	(12.2)	-	-
EBITDA	546	842	943	984
Recurring net profit	(169)	134	239	286
Core EPS (THB)	(0.58)	0.43	0.77	0.92
Chg. In EPS est. (%)	nm	(11.3)	(0.1)	nm
EPS growth (%)	nm	nm	79.0	19.8
Core P/E (x)	(19.9)	26.9	15.0	12.6
Dividend yield (%)	-	1.9	3.3	4.0
EV/EBITDA (x)	15.0	9.4	8.0	7.4
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	76.4	64.8	58.0	52.6
ROE (%)	(2.7)	2.1	3.6	4.2

## Positive feedback from analyst meeting on 25 Feb

Management guided for positive operations in 1Q24. The OCC rate jumped to 60% YTD (vs 53% in 1Q23 and 51% in 4Q23), and ADR also increased to cTHB22,000 (+7% y-y vs 1Q23). Thus, we initially estimate revenue to grow by 14% y-y to THB920m-930m with an EBITDA margin of 25% (vs 24% in 1Q23). This should result in 1Q24 core profit hitting a record high of THB35m-40m.

## Interest expenses should decline by 7-9% y-y in 2024

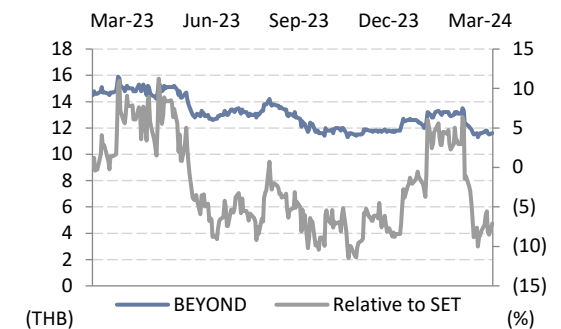
Interest expenses are set to decline from 2Q24 onwards, as BEYOND recently repaid debentures worth THB577m and a prepaid bank loan of THB100m (from total interest bearing debt of THB5.8b), with interest rates of 6.25% and 7.5-7.8%, respectively. Thus, we forecast interest expenses to decline to THB393m in 2024 (vs THB426m) in 2023. After repaying debt, BEYOND still has a healthy balance sheet with cash on hand of THB0.7b-0.8b and EBITDA of THB0.8b-1.0b/year. This should be sufficient to support new investment projects (hotels and F&B), with estimated capex of THB2.5b-3.0b over the next three years.

## Expect RevPAR to grow by 20% y-y in 2024

We expect BEYOND to firmly turn around in 2024, premised on management's targeted OCC rate of 59% (vs 52% in 2023) driven by the strong recovery of Chinese tourists (19% of revenue contribution in 2023) and more MICE travelers. We also expect ADR to increase by 5% thanks to a rise in the high-spending tourist trend this year. Overall, we forecast revenue to grow by 14% to THB3.4b (slightly higher than management's guidance of THB3.3b) and the EBITDA margin to improve to 25% (vs 18% in 2023), resulting in a 2024 core profit of THB134m.

## Cheap investing option for Thai tourism stocks

We trim our 2024 core profit estimate by 11%, as we conservatively raise our tax rate assumption to 20%. We maintain our 2025 forecast and 2024 DCF-TP of THB22/shr. BEYOND is our wildcard tourism pick due to its cheap valuation of 15x 2025E P/E (normalized operating year). It also trades below the book value of THB21.7/shr, which is unjustified in our view, given that its core earnings should permanently turn profitable from 2024 onwards.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.5)	(0.9)	(19.4)
Relative to country (%)	(9.8)	1.8	(6.6)
Mkt cap (USD m)	92		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	50		
Major shareholder	Country Group Holding PCL (39%)		
12m high/low (THB)	16.00/11.00		
Issued shares (m)	309.82		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

BEYOND transformed its business focus from energy to hospitality during the Covid pandemic and is now in a strong position to benefit from Thailand’s tourism recovery.

We expect Thailand’s tourist arrival numbers to recover significantly in 2024, especially in the high-spending segment, which should directly benefit BEYOND’s luxury hotels. According to CBRE, luxury hotels accounted for 17% of the total hotel supply in Bangkok, and riverfront hotels only made up 7% as of 2022.

We expect BEYOND’s earnings to rebound in 2024 and deliver strong growth over 2024-25 as its EBITDA margin improves from its high operating leverage structure. In addition, its interest expenses should gradually decline thanks to its strong cash flow and low levels of maintenance CAPEX.

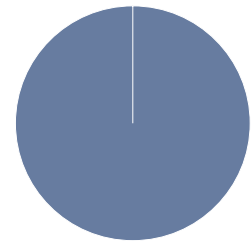
### Company profile

BEYOND owns and operates two ultra-luxury hotels, Four Seasons Hotel Bangkok and Capella Bangkok, with 400 rooms total, situated along the Chao Phraya River.

[www.boundandbeyond.co.th](http://www.boundandbeyond.co.th)

### Principal activities (revenue, 2023)

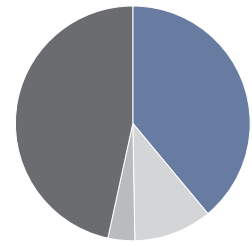
■ Hotel revenue - 100.0 %



Source: Bound and Beyond

### Major shareholders

- Country Group Holding PCL - 39.0 %
- Kingdom of Thailand Ministry of Finance - 10.8 %
- Supachai Weeraborwornpong - 3.7 %
- Others - 46.6 %



Source: Bound and Beyond

### Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following the global tourism recovery; 2) strong pent-up demand, which should drive ADR; and 3) new project announcements.

### 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
May 2024	1Q24 results announcement

### Key assumptions

	2024E	2025E	2026E
OCC rate (%)	59	61	63
ADR (THB)	19,958	20,757	21,172
RevPAR growth (%)	20	8	5
EBITDA margin (%)	25	26	26

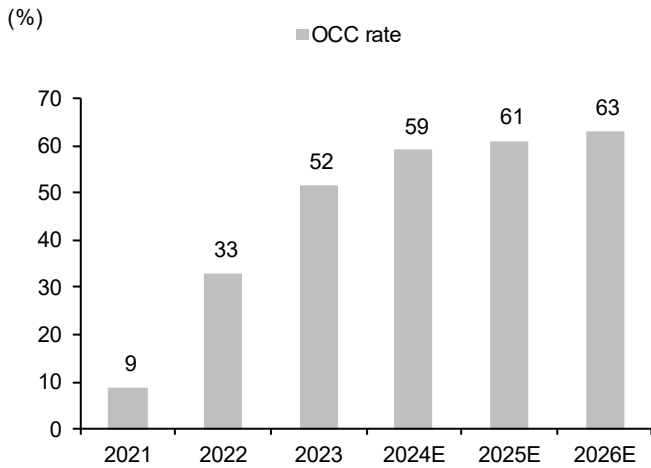
Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2024 profit increase of 7%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2024 profit increase of 11%, and vice versa, all else being equal.

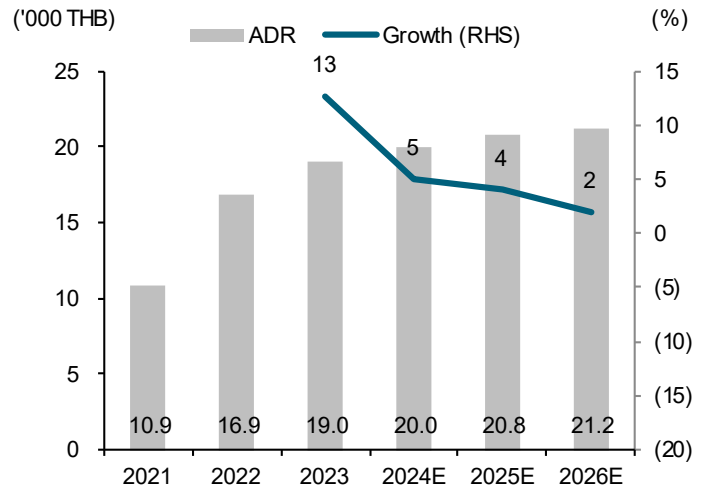
Source: FSSIA estimates

**Exhibit 1: OCC rate**



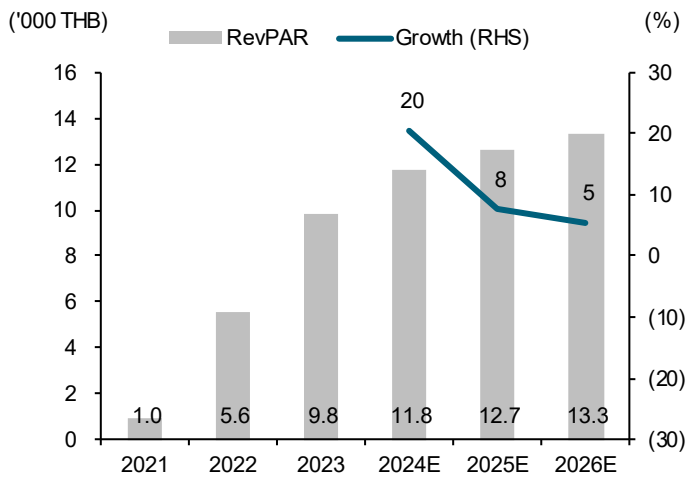
Sources: BEYOND; FSSIA estimates

**Exhibit 2: ADR**



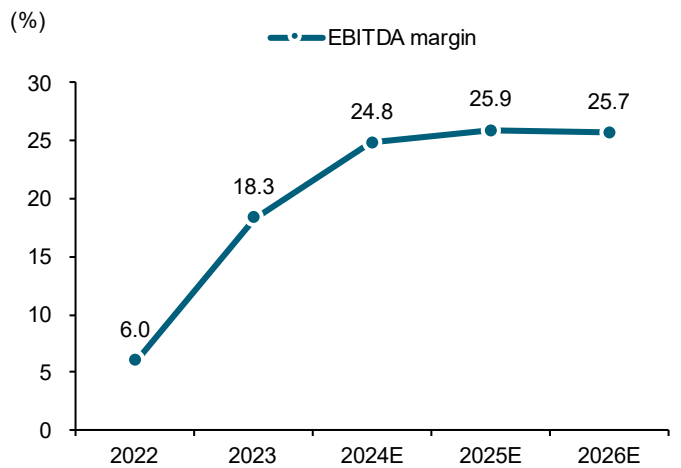
Sources: BEYOND; FSSIA estimates

**Exhibit 3: RevPAR**



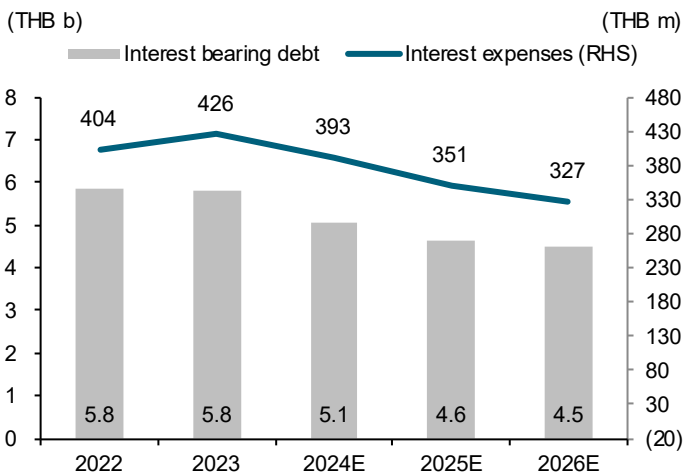
Sources: BEYOND; FSSIA estimates

**Exhibit 4: EBITDA margin**



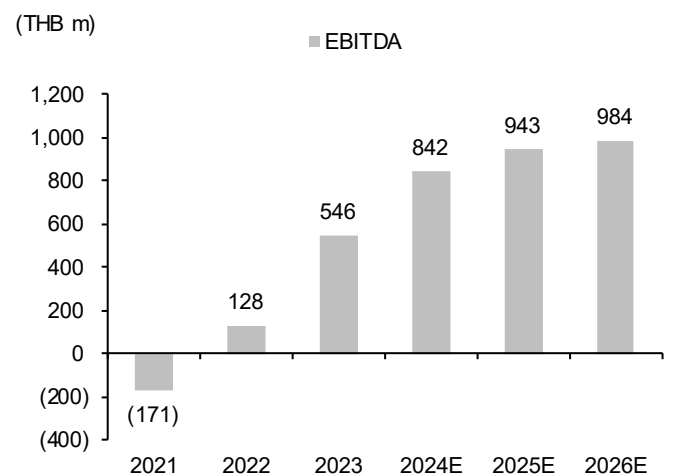
Sources: BEYOND; FSSIA estimates

**Exhibit 5: Interest bearing debt and interest expenses to decline from 2024**



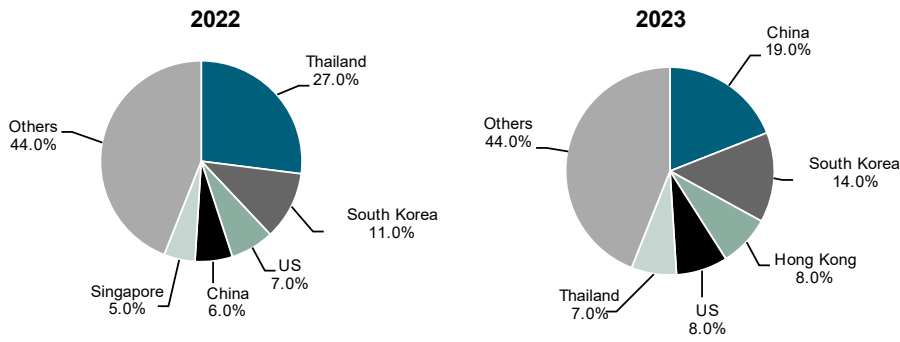
Sources: BEYOND; FSSIA estimates

**Exhibit 6: Strong EBITDA projected over next three years**



Sources: BEYOND; FSSIA estimates

**Exhibit 7: Revenue breakdown by nationality**



Sources: BEYOND; FSSIA estimates

## Recap: 4Q23 results review

BEYOND reported a 4Q23 core loss of THB5m, missing our estimate of a THB15m core profit due to higher-than-expected tax expenses (THB15m) and a slightly lower-than-expected gross profit margin on the back of higher raw material costs for the food and beverage (F&B) business. Excluding tax expenses, pretax profit was THB10m (vs breakeven in 4Q22).

Revenue grew 4% y-y in 4Q23, driven by room revenue which grew by 13% y-y. RevPAR grew 13% y-y with an OCC rate of 51% (vs 50% in 4Q22) and an 11% increase in ADR to THB22,000. F&B revenue fell 2% y-y due to the high base in 4Q22.

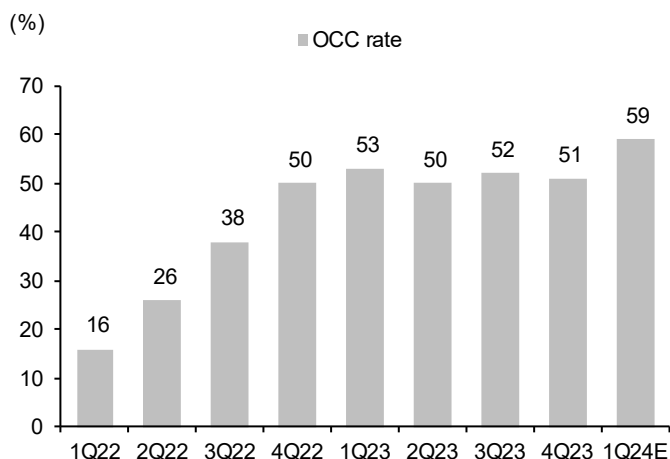
COGS grew by 4% y-y in the quarter mainly due to higher raw material costs for the F&B business. SG&A slightly dropped by 2% y-y. As a result, the EBITDA margin improved to 22% in 4Q23 (vs 20% in 4Q22).

### Exhibit 8: 4Q23 results review

FY ending Dec	4Q22	1Q23	2Q23	3Q23	4Q23	Change		2023
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	839	815	614	673	875	30	4	2,978
COGS (incl depreciation)	(530)	(488)	(438)	(465)	(549)	18	4	(1,940)
<b>Gross profit</b>	<b>309</b>	<b>327</b>	<b>176</b>	<b>208</b>	<b>326</b>	<b>56</b>	<b>5</b>	<b>1,037</b>
SG&A	(215)	(205)	(199)	(183)	(211)	15	(2)	(798)
<b>Operating profit</b>	<b>94</b>	<b>122</b>	<b>(23)</b>	<b>25</b>	<b>115</b>	<b>358</b>	<b>22</b>	<b>240</b>
Dividend income	0	0	0	0	0			0
Interest income	2	1	2	2	3	45	33	8
Other income	4	2	0	9	0			11
Interest expenses	(100)	(102)	(107)	(109)	(108)	(1)	8	(426)
<b>Pretax profit</b>	<b>0</b>	<b>23</b>	<b>(127)</b>	<b>(73)</b>	<b>10</b>	<b>(114)</b>	<b>2,925</b>	<b>(167)</b>
Income tax	76	(6)	14	5	(15)	(415)	(120)	(2)
Associates	(0)	(0)	0	(0)	0	(100)	(100)	(1)
Minority interest	0	0	0	0	0			0
<b>Core profit</b>	<b>76</b>	<b>17</b>	<b>(113)</b>	<b>(68)</b>	<b>(5)</b>	<b>(92)</b>	<b>(107)</b>	<b>(169)</b>
Extraordinaries, GW & FX	13	0	317	7	3	(64)	(79)	328
<b>Reported net profit</b>	<b>89</b>	<b>17</b>	<b>205</b>	<b>(61)</b>	<b>(3)</b>	<b>(96)</b>	<b>(103)</b>	<b>158</b>
Outstanding shares (m)	289	289	289	289	289	0	0	290
<b>Core EPS (THB)</b>	<b>0.26</b>	<b>0.06</b>	<b>(0.39)</b>	<b>(0.24)</b>	<b>(0.02)</b>	<b>(92)</b>	<b>(107)</b>	<b>(0.58)</b>
<b>EPS (THB)</b>	<b>0.31</b>	<b>0.06</b>	<b>0.71</b>	<b>(0.21)</b>	<b>(0.01)</b>	<b>(96)</b>	<b>(103)</b>	<b>0.55</b>
COGS excl. depreciation	(454)	(412)	(362)	(388)	(472)	22	4	(1,634)
Depreciation	(76)	(76)	(76)	(77)	(77)	0	1	(306)
EBITDA	170	198	54	102	192	88	13	546
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	37	40	29	31	37	6	0	35
SG&A/Revenue	26	25	32	27	24	(3)	(1)	27
EBITDA margin	20	24	9	15	22	7	2	18
Net profit margin	11	2	33	(9)	(0)	9	(11)	5
<b>Operating stats</b>								
Occupancy (%)	50	53	50	52	51			
ADR (THB/night)	19,656	20,495	18,042	16,741	21,916			
RevPar (THB/night)	9,828	10,862	9,021	8,705	11,177			

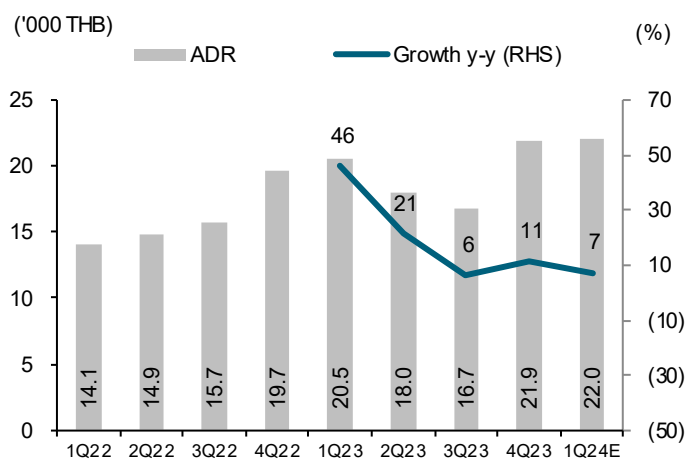
Sources: BEYOND; FSSIA estimates

## Exhibit 9: OCC rate (quarterly)



Sources: BEYOND; FSSIA estimate

## Exhibit 10: ADR (quarterly)



Sources: BEYOND; FSSIA estimate

## Exhibit 11: Forecast revisions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Revenue	3,395	3,642	3,836	3,429	3,645	n/a	(1)	(0)	n/a
EBITDA margin (%)	24.8	25.9	25.7	25.2	25.6	n/a	(0)	0	n/a
Core profit	134	239	286	151	239	n/a	(11)	(0)	n/a
<b>Key assumptions</b>									
OCC rate (%)	59	61	63	59	62	n/a	0	(1)	n/a
ADR (THB)	19,958	20,757	21,172	19,916	20,314	n/a	0	2	n/a

Source: FSSIA estimates

## Exhibit 12: DCF-derived TP

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		1.5			
Cost of equity, Ke		15.2	Net cost of debt, Kd		2.8
Weight applied		55.0	Weight applied		4.5
WACC		9.6			
DCF valuation estimate		(THB b)	(THB/share)	Comments	
NPV		4.4	15.3	WACC 9.6%, Risk-free rate 3%, Risk premium 8%	
Terminal value		5.1	17.7	Terminal growth 3%	
Cash & liquid assets		1.1	3.9	At end-2024E	
Investments		0.3	1.1	At end-2024E	
Land for sales		0.8	2.8	Based on appraisal value of THB1.0b with 20% discount	
Debt		(5.4)	(18.7)	At end-2024E	
Minorities		0.0	0.0	At end-2024E	
<b>Residual ordinary equity</b>		<b>6.4</b>	<b>22.0</b>		

Source: FSSIA estimates

**Exhibit 13: Net asset value (NAV)**

Cost approach	(THB b)	Note
Total replacement cost	8.6	Based on IFA dated 2 Sep 2021
Add : Leasehold rights of land	2.5	Based on IFA dated 2 Sep 2021
Add : Land (Tak)	1.0	Based on appraisal value
Add : Cash and cash equivalents	1.4	As of 4Q23
Less: Interest bearing debt	(5.8)	As of 4Q23
Less: Minorities	0.0	As of 4Q23
<b>Net value</b>	<b>7.6</b>	
No of shares (m)	309.8	
<b>FV per share</b>	<b>24.6</b>	

Source: FSSIA estimates

**Exhibit 14: Peer comparisons as of 25 March 2024**

Company	BBG	Rec	Share price			Market cap	PE			ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	26E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	3.94	5.50	40	3,465	57.5	48.1	39.1	2.5	2.8	1.4	1.3	31.9	28.5
Minor International	MINT TB	BUY	32.75	44.00	34	5,102	21.4	19.1	17.2	11.5	13.0	2.6	2.4	8.3	7.5
Central Plaza Hotel	CENTEL TB	BUY	44.25	50.00	13	1,641	39.0	31.2	22.3	7.6	9.0	2.9	2.7	17.3	15.4
Erawan Group	ERW TB	BUY	4.58	6.30	38	570	30.0	26.0	22.2	10.4	10.4	2.8	2.6	14.9	13.1
S Hotels & Resorts	SHR TB	BUY	2.54	4.00	57	251	29.7	17.4	15.1	1.9	3.2	0.6	0.5	9.0	8.1
Dusit Thani	DUSIT TB	BUY	9.00	15.00	67	210	143.1	7.0	4.8	1.5	25.9	2.1	1.6	44.8	10.5
Bound and Beyond	BEYOND TB	BUY	11.60	22.00	90	92	26.9	15.0	12.6	2.1	3.6	0.5	0.5	9.4	8.0
<b>Thailand average</b>						<b>11,332</b>	<b>49.7</b>	<b>23.4</b>	<b>19.0</b>	<b>5.3</b>	<b>9.7</b>	<b>1.8</b>	<b>1.7</b>	<b>19.4</b>	<b>13.0</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	14.50	n/a	n/a	2,252	20.8	16.8	14.3	7.2	8.2	1.5	1.3	9.3	8.4
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.55	n/a	n/a	3,782	10.6	7.2	5.8	6.5	8.8	0.7	0.6	12.6	10.6
Huangshan Tourism Dev.	900942 CH	n/a	0.77	n/a	n/a	1,003	10.8	9.2	8.4	8.5	9.5	0.9	0.9	10.3	8.6
Genting Bhd	GENT MK	n/a	4.80	n/a	n/a	3,889	17.9	11.1	9.8	3.9	4.8	0.6	0.5	6.3	5.9
Huazhu Group	HTHT US	n/a	37.56	n/a	n/a	11,973	21.7	19.9	17.2	34.4	30.3	6.5	5.7	12.6	11.8
Indian Hotels	IH IN	n/a	557.05	n/a	n/a	9,611	86.8	62.2	48.5	12.6	14.7	10.2	8.7	46.0	37.4
Lemon Tree Hotels	LEMONTRE IN	n/a	132.60	n/a	n/a	1,245	90.1	68.0	37.5	12.3	14.7	11.4	10.6	30.8	25.5
<b>Regional average</b>						<b>33,757</b>	<b>37.0</b>	<b>27.8</b>	<b>20.2</b>	<b>12.2</b>	<b>13.0</b>	<b>4.5</b>	<b>4.0</b>	<b>18.3</b>	<b>15.5</b>
<b>Overall average</b>						<b>45,089</b>	<b>43.3</b>	<b>25.6</b>	<b>19.6</b>	<b>8.8</b>	<b>11.3</b>	<b>3.2</b>	<b>2.9</b>	<b>18.8</b>	<b>14.2</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Bound and Beyond

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	2,148	2,978	3,395	3,642	3,836
Cost of goods sold	(1,607)	(1,940)	(2,033)	(2,137)	(2,252)
<b>Gross profit</b>	<b>541</b>	<b>1,037</b>	<b>1,363</b>	<b>1,505</b>	<b>1,585</b>
Other operating income	-	-	-	-	-
Operating costs	(716)	(798)	(830)	(871)	(915)
<b>Operating EBITDA</b>	<b>128</b>	<b>546</b>	<b>842</b>	<b>943</b>	<b>984</b>
Depreciation	(303)	(306)	(308)	(309)	(314)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(174)</b>	<b>240</b>	<b>533</b>	<b>634</b>	<b>670</b>
Net financing costs	(399)	(418)	(383)	(343)	(320)
Associates	0	(1)	0	0	0
Recurring non-operating income	38	11	17	8	8
Non-recurring items	99	328	0	0	0
<b>Profit before tax</b>	<b>(437)</b>	<b>160</b>	<b>167</b>	<b>299</b>	<b>358</b>
Tax	95	(2)	(33)	(60)	(72)
<b>Profit after tax</b>	<b>(342)</b>	<b>158</b>	<b>134</b>	<b>239</b>	<b>286</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(342)</b>	<b>158</b>	<b>134</b>	<b>239</b>	<b>286</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(99)</b>	<b>(328)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(441)</b>	<b>(169)</b>	<b>134</b>	<b>239</b>	<b>286</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.53)	(0.58)	0.43	0.77	0.92
Reported EPS	(1.18)	0.55	0.43	0.77	0.92
DPS	0.00	0.00	0.22	0.39	0.46
Diluted shares (used to calculate per share data)	289	290	310	310	310
<b>Growth</b>					
Revenue (%)	869.1	38.6	14.0	7.3	5.3
Operating EBITDA (%)	nm	326.0	54.3	12.0	4.4
Operating EBIT (%)	nm	nm	122.6	18.8	5.7
Recurring EPS (%)	nm	nm	nm	79.0	19.8
Reported EPS (%)	nm	nm	(20.9)	79.0	19.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.2	34.8	40.1	41.3	41.3
Gross margin exc. depreciation (%)	39.3	45.1	49.2	49.8	49.5
Operating EBITDA margin (%)	6.0	18.3	24.8	25.9	25.7
Operating EBIT margin (%)	(8.1)	8.0	15.7	17.4	17.5
Net margin (%)	(20.5)	(5.7)	3.9	6.6	7.5
Effective tax rate (%)	17.7	(1.1)	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	50.0	50.0	50.0
Interest cover (X)	(0.3)	0.6	1.4	1.9	2.1
Inventory days	11.4	11.0	11.6	11.6	11.6
Debtor days	12.2	12.7	10.7	9.9	9.4
Creditor days	78.6	96.0	106.3	106.1	106.1
Operating ROIC (%)	(1.3)	2.2	3.9	4.8	5.1
ROIC (%)	(1.0)	2.2	3.9	4.6	4.9
ROE (%)	(7.0)	(2.7)	2.1	3.6	4.2
ROA (%)	(0.8)	1.9	3.3	3.9	4.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	2,135	2,978	3,395	3,642	3,836
Revenue from sales and services	13	0	0	0	0

Sources: Bound and Beyond; FSSIA estimates



## Financial Statements

### Bound and Beyond

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(441)	(169)	134	239	286
Depreciation	303	306	308	309	314
Associates & minorities	-	-	-	-	-
Other non-cash items	119	275	0	0	0
Change in working capital	(1,037)	150	30	31	32
<b>Cash flow from operations</b>	<b>(1,056)</b>	<b>562</b>	<b>472</b>	<b>579</b>	<b>633</b>
Capex - maintenance	(634)	(154)	(154)	(162)	(230)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	967	183	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>333</b>	<b>29</b>	<b>(154)</b>	<b>(162)</b>	<b>(230)</b>
Dividends paid	0	0	0	(67)	(120)
Equity finance	0	12	198	0	0
Debt finance	778	(11)	(777)	(468)	(150)
Other financing cash flows	(161)	34	0	0	0
<b>Cash flow from financing</b>	<b>617</b>	<b>36</b>	<b>(579)</b>	<b>(535)</b>	<b>(270)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(105)</b>	<b>627</b>	<b>(262)</b>	<b>(117)</b>	<b>133</b>
Free cash flow to firm (FCFF)	(318.31)	1,016.67	710.64	768.51	729.92
Free cash flow to equity (FCFE)	(105.32)	614.72	(459.14)	(50.22)	252.50

#### Per share (THB)

FCFF per share	(1.03)	3.28	2.29	2.48	2.36
FCFE per share	(0.34)	1.98	(1.48)	(0.16)	0.81
Recurring cash flow per share	(0.06)	1.42	1.43	1.77	1.94

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	12,656	12,448	12,602	12,764	12,994
Less: Accumulated depreciation	(961)	(1,139)	(1,448)	(1,757)	(2,071)
<b>Tangible fixed assets (net)</b>	<b>11,695</b>	<b>11,309</b>	<b>11,155</b>	<b>11,007</b>	<b>10,923</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	264	315	315	315	315
Cash & equivalents	761	1,388	1,126	1,009	1,142
A/C receivable	108	99	99	99	99
Inventories	45	53	56	60	63
Other current assets	373	293	334	358	377
<b>Current assets</b>	<b>1,287</b>	<b>1,833</b>	<b>1,615</b>	<b>1,526</b>	<b>1,682</b>
Other assets	100	158	158	158	158
<b>Total assets</b>	<b>13,346</b>	<b>13,615</b>	<b>13,243</b>	<b>13,006</b>	<b>13,078</b>
Common equity	6,103	6,300	6,632	6,804	6,971
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>6,103</b>	<b>6,300</b>	<b>6,632</b>	<b>6,804</b>	<b>6,971</b>
Long term debt	5,227	5,215	4,538	4,120	3,970
Other long-term liabilities	277	289	289	289	289
<b>Long-term liabilities</b>	<b>5,504</b>	<b>5,504</b>	<b>4,827</b>	<b>4,409</b>	<b>4,259</b>
A/C payable	371	489	516	547	579
Short term debt	986	988	888	838	838
Other current liabilities	382	334	381	409	431
<b>Current liabilities</b>	<b>1,739</b>	<b>1,811</b>	<b>1,784</b>	<b>1,793</b>	<b>1,848</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,346</b>	<b>13,615</b>	<b>13,243</b>	<b>13,006</b>	<b>13,078</b>
Net working capital	(227)	(378)	(407)	(438)	(470)
Invested capital	11,832	11,405	11,221	11,042	10,926

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

#### Per share (THB)

Book value per share	21.13	21.72	21.40	21.96	22.50
Tangible book value per share	21.13	21.72	21.40	21.96	22.50

#### Financial strength

Net debt/equity (%)	89.3	76.4	64.8	58.0	52.6
Net debt/total assets (%)	40.9	35.4	32.5	30.4	28.0
Current ratio (x)	0.7	1.0	0.9	0.9	0.9
CF interest cover (x)	0.7	2.5	(0.2)	0.9	1.8

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>(7.6)</b>	<b>(19.9)</b>	<b>26.9</b>	<b>15.0</b>	<b>12.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(14.4)</b>	<b>(37.7)</b>	<b>51.0</b>	<b>28.5</b>	<b>23.8</b>
Reported P/E (x)	(9.8)	21.3	26.9	15.0	12.6
Dividend yield (%)	-	-	1.9	3.3	4.0
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x) **	68.7	15.0	9.4	8.0	7.4
EV/EBITDA @ target price (x) **	92.2	20.5	13.2	11.4	10.6
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7

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

Sources: Bound and Beyond; FSSIA estimates

# BOUND AND BEYOND PCL (BEYOND TB)

**FSSIA ESG rating**

**25.31 /100**
**Exhibit 15: 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	<b>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.</b>
★	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.

Source: FSSIA estimates

**Exhibit 16: 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	25.31	--	--	--	5.00	5.00	Certified	--	42.49	--	--	--	--	--	--
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	--
SHR	25.00	--	Y	Y	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
**Exhibit 17: ESG disclosure from the company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 4 / 1</b>
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	8
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	36 / 80
Waste reduction policy	Yes	Number of executives / female	7 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	5
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee</b>	<b>3 / 0</b>
Quality assurance and recall policy	--	Number of compensation committee meetings	2
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 0</b>
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	48%	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	7.01
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	2.35
Health and safety policy	Yes	(EY Company Limited)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	977		
Total hours spent by firm - employee training	--		
Social supply chain management	--		

Source: 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 &amp; 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+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	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><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

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

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Company	Ticker	Price	Rating	Valuation & Risks
Bound and Beyond	BEYOND TB	THB 11.60	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 3.94	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 32.75	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	CENDEL TB	THB 44.25	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 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 4.58	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 2.54	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 9.00	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 25-Mar-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.