

# CENTRAL PLAZA HOTEL

THAILAND / TOURISM &amp; LEISURE

# CENTEL TB

# BUY

UNCHANGED

TARGET PRICE	THB50.00
CLOSE	THB44.00
UP/DOWNSIDE	+13.6%
PRIOR TP	THB50.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.8%

## Earnings recovery in 1Q24E

- Expect core profit to grow by 5% y-y to THB660m in 1Q24, driven by strong RevPAR of Thai hotels and recovery of Maldives hotels.
- Expect 2024 core profit to jump by 37% to THB1.5b, led by Osaka hotel turnaround.
- Maintain BUY with DCF-derived TP of THB50/shr.

### 1Q24 profit has potential to hit a new post-pandemic high

We expect core profit to recover and grow again in 1Q24 by 5% y-y to THB660m. Hotel business core profit should slightly increase by 1% to THB541m. Key drivers should be strong RevPAR growth of Thailand (+20% y-y) and Dubai (+24% y-y) and the Maldives portfolio recovery, where RevPAR should grow by 7% y-y after a declining trend over the past year. However, a loss from its Osaka hotel due to a low season and higher interest expenses should offset the robust organic growth. Also, we expect the food business core profit to jump to THB119m (vs THB91m in 1Q23) thanks to improved EBITDA margin (+0.2-0.4 pts y-y) and SSSG of 1-2% y-y.

### Hotel business in 2024: robust organic growth

We expect hotel business revenue to grow by 17% to THB10.6b in 2024, led by organic RevPAR growth of 8-10% y-y for Thai and Maldives hotels and full-year revenue consolidation from its Osaka hotel. We forecast hotel business 2024 core profit to jump to THB0.8b (from THB0.6b in 2023) thanks to Osaka hotel turnaround (from losses of THB204m in 2023) and improved performance of Thai and Maldives hotels. On a negative note, CENTEL should book THB200-250m pre-operating expenses and higher interest expenses of THB100m from two new Maldives hotel projects, scheduled to open in 4Q24-1Q25.

### Food business in 2024: EBITDA margin to improve

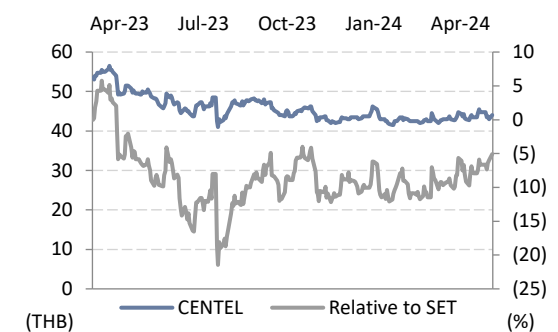
Food revenue should grow by 10% to 13.7b with SSSG of 5% and outlet expansion of 5%. EBITDA margin should also improve from 17.9% in 2023 to 18.5% in 2024 as raw materials are trending downward. Also, CENTEL has closed loss-making outlets since 4Q23 (and booked provision expenses related to outlet closures of THB40-50m). It should help the food business core profit to jump to THB0.7b in 2024 (vs THB0.5b in 2023). Overall, we forecast CENTEL's core profit to grow by 37% to THB1.5b.

### Trading below the historical average

We maintain our forecast and 2024 DCF-TP of THB50/shr. CENTEL trades at 31x 2025E P/E (we use 2025 as the base year as it should be the first year of normalized earnings post-pandemic), lower than its five-year average of 34x. The share price catalyst is earnings recovery with a new record high core profit (after the end of the Covid pandemic) in 1Q24.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	21,558	24,370	26,669	28,913
Net profit	1,248	1,533	1,917	2,246
EPS (THB)	0.92	1.14	1.42	1.66
vs Consensus (%)	-	(5.0)	(5.1)	(2.3)
EBITDA	4,608	5,263	5,872	6,574
Recurring net profit	1,120	1,533	1,917	2,246
Core EPS (THB)	0.83	1.14	1.42	1.66
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	181.4	36.9	25.0	17.2
Core P/E (x)	53.0	38.7	31.0	26.4
Dividend yield (%)	-	1.0	1.3	1.5
EV/EBITDA (x)	18.3	16.7	15.3	13.9
Price/book (x)	3.0	2.8	2.6	2.5
Net debt/Equity (%)	122.8	129.7	131.8	129.2
ROE (%)	5.9	7.5	8.8	9.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.7)	6.0	(20.0)
Relative to country (%)	0.6	7.6	(7.6)
Mkt cap (USD m)	1,606		
3m avg. daily turnover (USD m)	2.9		
Free float (%)	76		
Major shareholder	Tiang Chirathivat Real Estate (5%)		
12m high/low (THB)	56.75/40.75		
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 (due in 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 that should completely open.

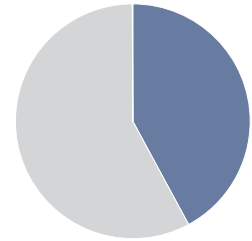
### Company profile

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

[www.centarahotelsresorts.com](http://www.centarahotelsresorts.com)

### Principal activities (revenue, 2023)

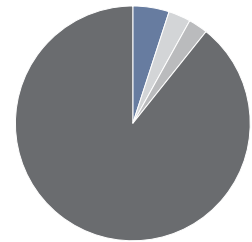
- Hotel revenue - 42.1 %
- F&B revenue - 57.8 %
- Rental income - 0.1 %



Source: Central Plaza Hotel

### Major shareholders

- Tiang Chirathivat Real Estate - 5.0 %
- Niti Osathanugrah - 3.1 %
- Thai NVDR - 2.7 %
- Others - 89.3 %



Source: Central Plaza Hotel

### Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a recovery in global tourism; 2) improving consumption and economic growth resulting in strong SSSG; and 3) a 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 increased competition in the F&B business, which may result in price competition; and 3) a slower-than-expected recovery of international tourist numbers.

### Event calendar

Date	Event
May 2024	1Q24 results announcement

### Key assumptions

	2024E (%)	2025E (%)	2026E (%)
<b>Owned &amp; leased hotels</b>			
- Number of owned hotel rooms (no.)	5,696	5,983	5,983
- Occupancy rate (OCC)	72.0	72.7	73.4
- RevPAR growth	9	15	5
<b>Food business</b>			
- Number of outlets (no.)	1,575	1,638	1,701
- Same-Store Sales Growth (SSSG)	5	2	2
- Total System Sales Growth (TSSG)	10	6	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

## Positive feedback from staying at Centara Grand Osaka

We have a chance to stay at Centara Osaka during our holiday trip for five nights at the end of March. We have positive feedback, especially from its spacious room compared to other hotels and its location near Namba Station and shopping malls. It is in tandem with guest reviews since the hotels have a 9.0 score from Booking.com and 9.1 from Agoda.

During our stay at the end of March, hotel staff said that the OCC rate was around 80% and could peak at 90% in April, thanks to cherry blossom season. We also spot individuals and groups of Thai guests at around 20-30% of total guests. We believe the hotel would become a favorite choice for Thai tourists as it has some Thai staff.

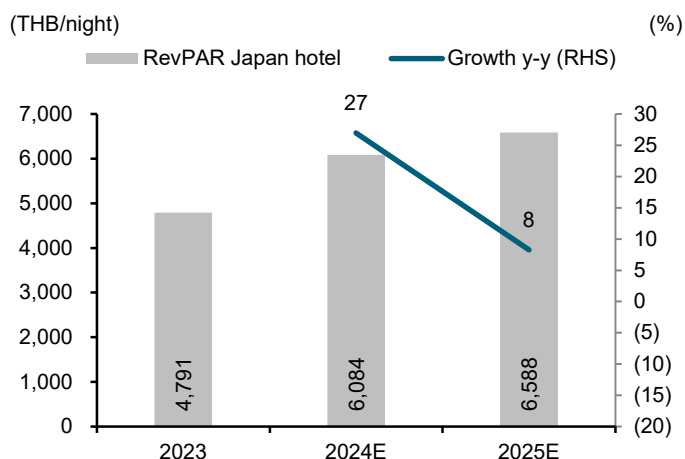
## Expect Centara Osaka to post loss in 1Q24 and turnaround in 2Q24

In terms of numbers, we expect the hotel to post a loss of up to THB40-50m in 1Q24 (combining both Operating Company and Property Company) with an OCC rate of 67% (vs 75-77% breakeven) due to its low season. However, we expect it to turn profitable in 2Q24 when the OCC rate should ramp up to 80%.

For 2024, we forecast an OCC rate of 78% with an ADR of THB7,800 and a profit of cTHB70m, a turnaround from losses of THB204m in 2023.

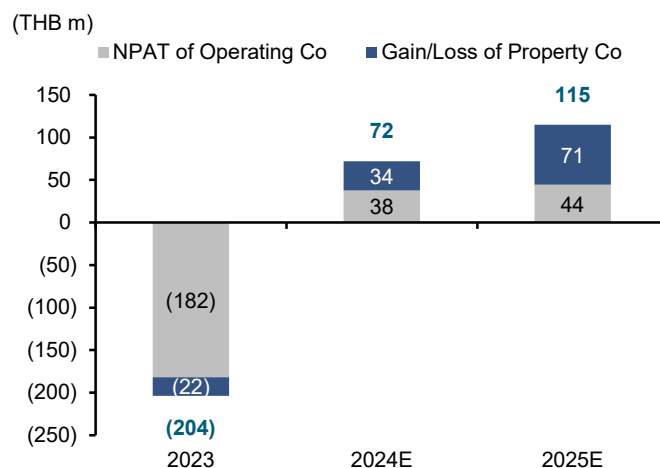
According to management, the hotel offers a generous 10-20% discount on its ADR compared to peers to promote the Centara brand in Japan during its introductory period. We expect ADR to gradually ramp up to THB8,000-9,000, bringing the portfolio profit to THB150-200m over the next three years.

### Exhibit 1: Osaka hotel RevPAR, yearly



Sources: CENTEL; FSSIA estimates

### Exhibit 2: Osaka hotel profit



Note: Operating Co is consolidated and Property Co is under equity method  
Sources: CENTEL; FSSIA estimates

## 1Q24 result preview

### Hotel business

We expect the RevPAR of Thai hotels to grow by 20% y-y, driven mainly by upcountry hotels. Maldives RevPAR should also recover and increase by 7% thanks to higher tourist arrivals and positive translation impact (from THB depreciation against USD). Dubai hotel RevPAR should grow by 24% y-y. However, Osaka hotel RevPAR should fall by 10% q-q as its OCC rate should drop to 67% (vs 77% in 4Q23). Overall, we expect the hotel revenue to grow 22% y-y and core profit to grow by 1% y-y to THB543m, pressured by higher interest expenses and losses from its Osaka hotel (we estimate losses of THB20-30m).

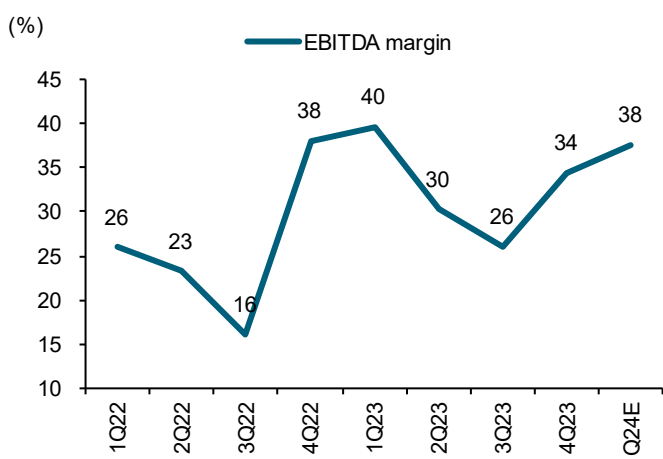
### Food business

We expect 1Q24 SSS to grow by 1% y-y. KFC and Ootoya growth should offset Mister Donut and Chabuton weakness. Food revenue should increase by 3% y-y to THB3.1b. We estimate the food EBITDA margin to slightly improve to 18.3% (vs 18.1% in 1Q24) from decreased raw material prices. Thus, the food business profit should jump to THB134m in 1Q24 (vs THB91m in 1Q23).

### Overall

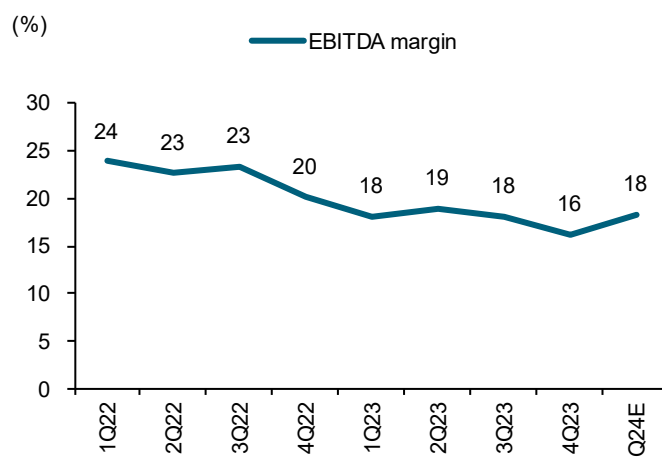
We forecast CENTEL's core profit to grow 7% y-y to THB676m in 1Q24.

Exhibit 3: EBITDA margin of hotel business



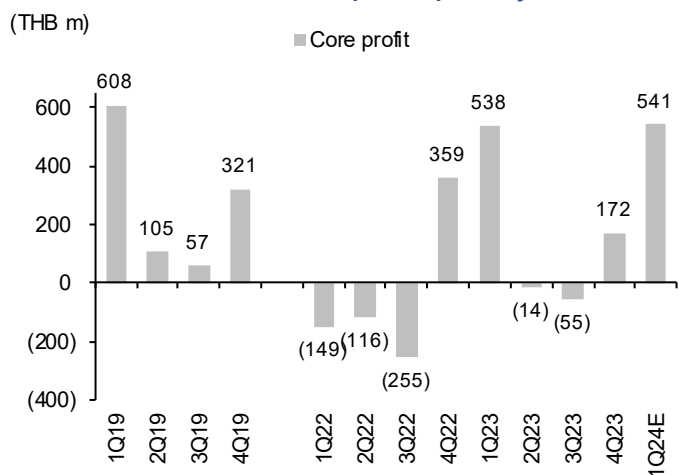
Sources: CENTEL; FSSIA estimates

Exhibit 4: EBITDA margin of food business



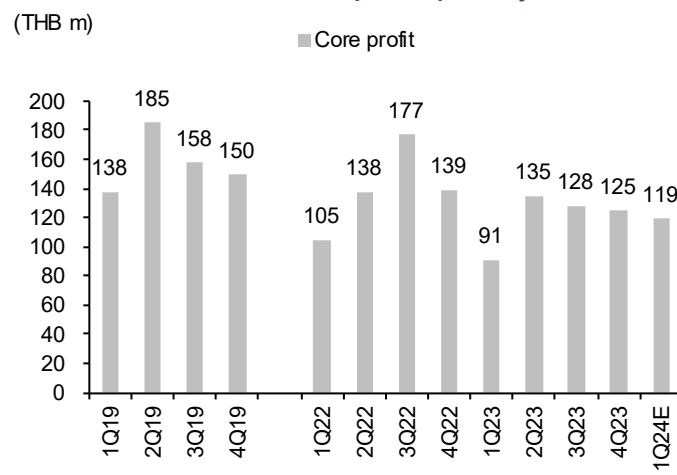
Sources: CENTEL; FSSIA estimates

Exhibit 5: Hotel business core profit, quarterly



Sources: CENTEL; FSSIA estimates

Exhibit 6: Food business core profit, quarterly



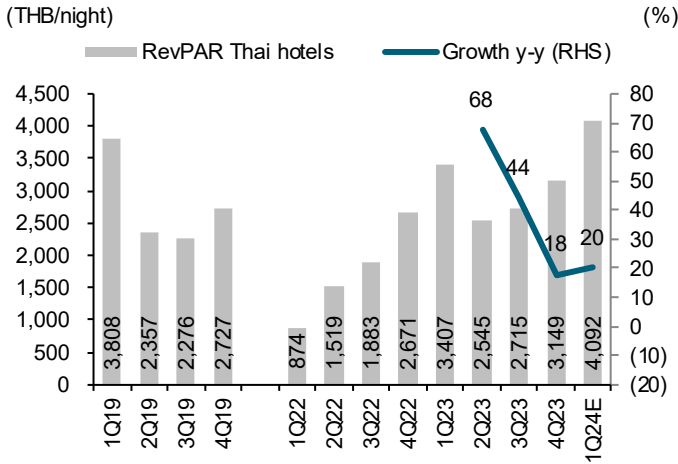
Sources: CENTEL; FSSIA estimates

## Exhibit 7: CENTEL - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
<b>Sales</b>	<b>5,530</b>	<b>5,061</b>	<b>5,212</b>	<b>5,755</b>	<b>6,163</b>	<b>7</b>	<b>11</b>	<b>24,370</b>	<b>13</b>
- Hotel operations	2,520	1,895	2,158	2,520	3,069	22	22	10,658	17
- Food and beverage	3,010	3,166	3,054	3,235	3,094	(4)	3	13,712	10
COGS (Incl. depreciation)	(3,049)	(3,045)	(3,121)	(3,397)	(3,390)	(0)	11	(14,017)	11
<b>Gross profit</b>	<b>2,481</b>	<b>2,016</b>	<b>2,091</b>	<b>2,358</b>	<b>2,773</b>	<b>18</b>	<b>12</b>	<b>10,353</b>	<b>16</b>
SG&A	(1,837)	(1,762)	(1,850)	(1,912)	(2,007)	5	9	(8,199)	11
<b>Operating profit</b>	<b>644</b>	<b>254</b>	<b>241</b>	<b>446</b>	<b>766</b>	<b>72</b>	<b>19</b>	<b>2,154</b>	<b>36</b>
Net other income	275	111	140	179	196	10	(28)	580	(18)
Interest income	59	79	64	84	87	3	48	464	62
Interest expense	(186)	(273)	(280)	(268)	(268)	0	44	(1,201)	19
<b>Pretax profit</b>	<b>792</b>	<b>170</b>	<b>164</b>	<b>441</b>	<b>781</b>	<b>77</b>	<b>(1)</b>	<b>1,996</b>	<b>27</b>
Income Tax	(84)	(81)	(56)	(156)	(78)	(50)	(8)	(399)	6
Share profit from associates	7	7	7	(20)	(20)	0	(384)	1	(101)
Share profit from JV	(34)	3	(62)	30	7	(76)	(121)		
Minority interest	(52)	22	20	2	(30)	(1,355)	(42)	(64)	688
<b>Core profit</b>	<b>629</b>	<b>121</b>	<b>74</b>	<b>297</b>	<b>660</b>	<b>123</b>	<b>5</b>	<b>1,533</b>	<b>37</b>
Extraordinaries, GW & FX	0	0	0	128	0			0	(100)
<b>Reported net profit</b>	<b>629</b>	<b>121</b>	<b>74</b>	<b>425</b>	<b>660</b>	<b>56</b>	<b>5</b>	<b>1,533</b>	<b>23</b>
Shares out (end Q, m)	1,350	1,350	1,350	1,350	1,350	0	0	1,350	0
<b>Pre-ex EPS</b>	<b>0.47</b>	<b>0.09</b>	<b>0.05</b>	<b>0.22</b>	<b>0.49</b>	<b>123</b>	<b>5</b>	<b>1.14</b>	<b>37</b>
<b>EPS</b>	<b>0.47</b>	<b>0.09</b>	<b>0.05</b>	<b>0.31</b>	<b>0.49</b>	<b>56</b>	<b>5</b>	<b>1.14</b>	<b>23</b>
COGS Excl. depreciation	(2,328)	(2,276)	(2,345)	(2,739)	(2,633)	(4)	13	(10,908)	14
Depreciation	(721)	(769)	(776)	(757)	(757)	0	5	(3,109)	3
EBITDA	1,647	1,140	1,163	1,362	1,699	25	3	5,263	14
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	45	40	40	41	45	4	0	42	1
SG&A/Revenue	33	35	36	33	33	(1)	(1)	34	(0)
Hotel EBITDA margin	40	30	26	34	38	3	(2)	32	(1)
Food EBITDA margin	18	19	18	16	18	2	0	19	1
Total EBITDA margin	29	23	22	25	28	4	(0)	22	0
Net profit margin	11	2	1	7	11	3	(1)	6	1
<b>Operating stats</b>									
<b>Hotel</b>									
OCC -Maldives (%)	89	56	70	72	92				
OCC -Thailand (%)	76	65	68	70	76				
OCC -Dubai (%)	83	82	77	82	90				
OCC -Japan (%)	0	0	67	77	67				
ARR - Maldives (THB)	16,151	12,361	9,558	14,030	16,640				
ARR - Thailand (THB)	4,461	3,901	3,984	4,509	5,408				
ARR - Dubai (THB)	6,444	6,226	5,493	8,322	7,441				
ARR - Japan (THB)			6,176	7,094	7,045				
RevPAR - Maldives (THB)	14,295	6,896	6,685	10,127	15,237				
RevPAR - Thailand (THB)	3,407	2,545	2,715	3,149	4,092				
RevPAR - Dubai (THB)	5,374	5,094	4,217	6,840	6,686				
RevPAR - Japan (THB)			4,126	5,457	4,740				
<b>Food</b>									
SSSG (y-y %)	8	5	0	2	1				
TSSG (y-y %)	15	10	4	5	3				

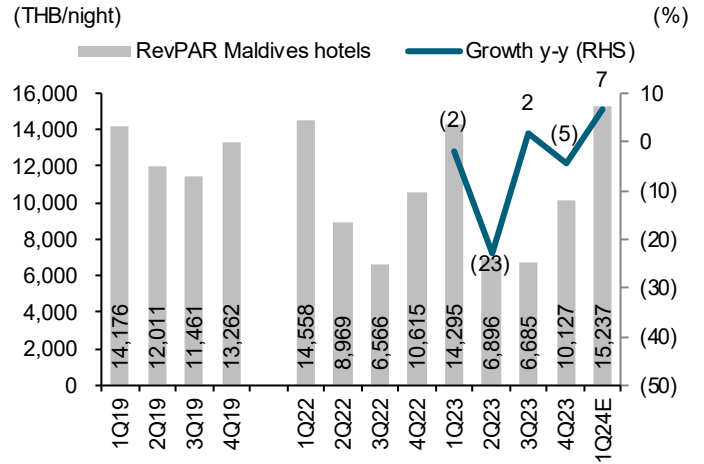
Sources: CENTEL; FSSIA estimates

**Exhibit 8: CENTEL's Thai hotels RevPAR**



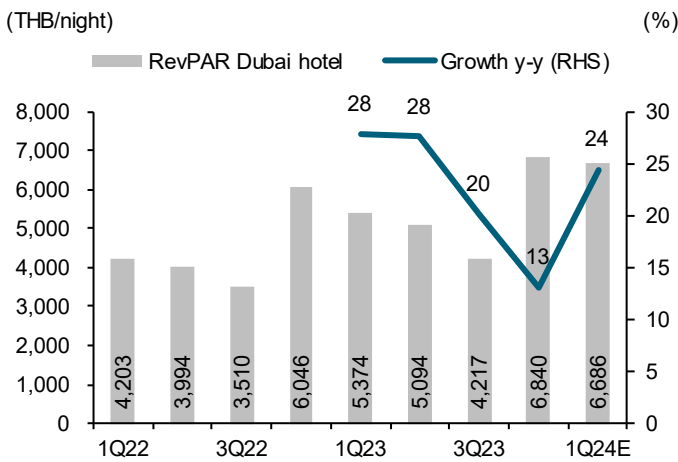
Sources: CENTEL; FSSIA estimates

**Exhibit 9: CENTEL's Maldives hotels RevPAR**



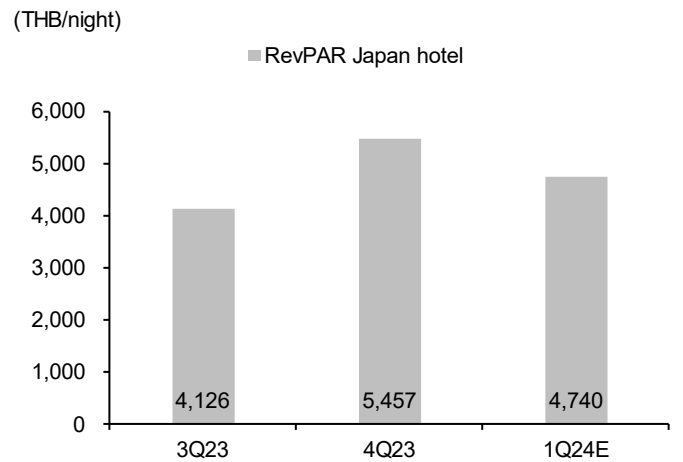
Note: RevPAR excludes F&B revenue since 1Q21  
Sources: CENTEL; FSSIA estimates

**Exhibit 10: CENTEL's Dubai hotel RevPAR**



Sources: CENTEL; FSSIA estimates

**Exhibit 11: CENTEL's Japan hotel RevPAR**



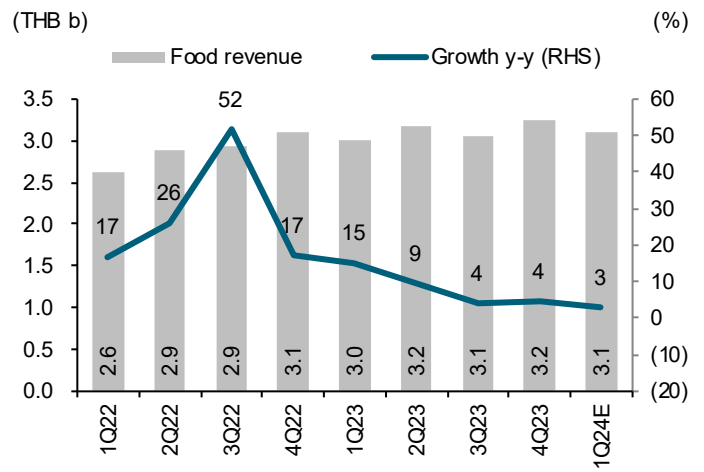
Sources: CENTEL; FSSIA estimates

**Exhibit 12: SSSG**



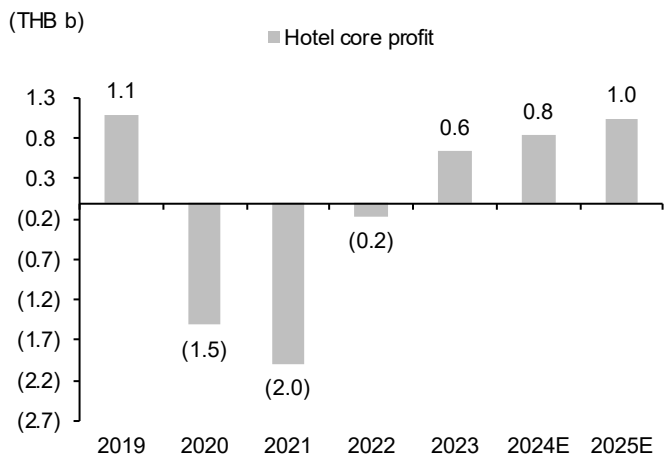
Sources: CENTEL; FSSIA estimates

**Exhibit 13: Food business revenue**



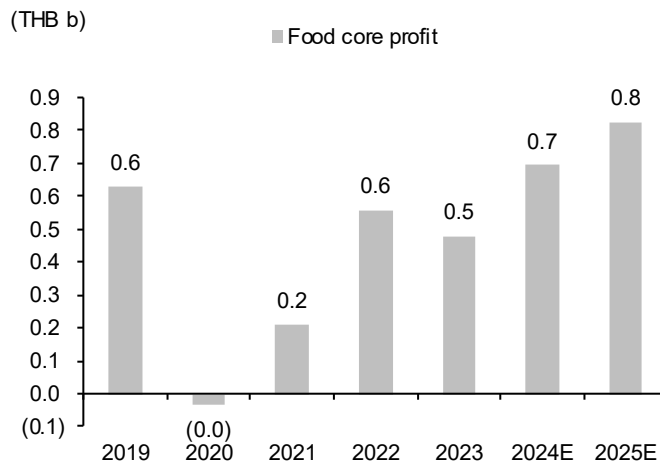
Sources: CENTEL; FSSIA estimates

**Exhibit 14: Hotel business core profit, yearly**



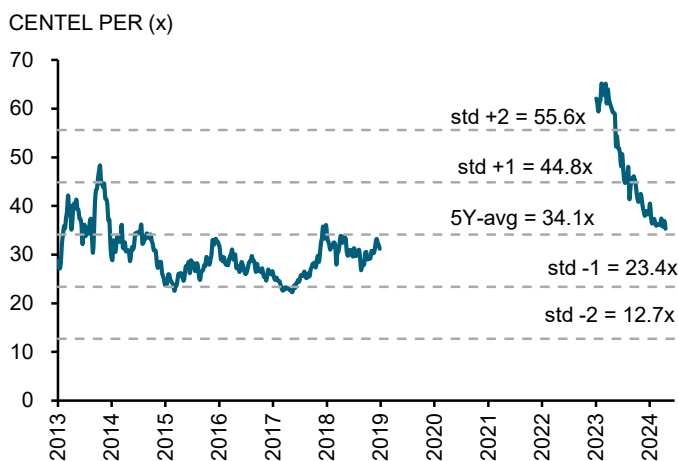
Sources: CENTEL; FSSIA estimates

**Exhibit 15: Food business core profit, yearly**



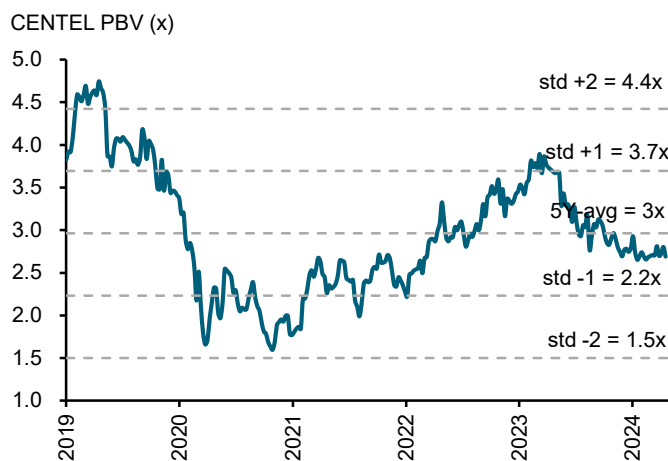
Sources: CENTEL; FSSIA estimates

**Exhibit 16: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 17: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 18: Peer comparisons as of 22 Apr 2024**

Company	BBG	Rec	Share price			Market cap (USD m)	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	4.46	5.50	23	3,858	65.1	54.5	44.2	2.5	2.8	1.6	1.5	34.5	30.6
Minor International	MINT TB	BUY	31.75	44.00	39	4,866	20.7	18.5	16.7	11.5	13.0	2.5	2.3	8.2	7.4
Central Plaza Hotel	CENTEL TB	BUY	44.00	50.00	14	1,606	38.7	31.0	26.4	7.5	8.8	2.8	2.6	16.7	15.3
Erawan Group	ERW TB	BUY	4.78	6.40	34	585	29.0	26.3	24.2	11.1	10.5	2.8	2.7	15.4	13.9
S Hotels & Resorts	SHR TB	BUY	2.34	4.00	71	696	27.4	16.0	13.9	1.9	3.2	0.5	0.5	8.7	7.9
Dusit Thani	DUSIT TB	BUY	9.20	15.00	63	211	146.3	7.1	4.8	1.5	25.9	2.1	1.6	45.1	10.6
Bound and Beyond	BEYOND TB	BUY	9.70	22.00	127	76	22.5	12.6	10.5	2.1	3.6	0.5	0.4	8.7	7.4
<b>Thailand average</b>						<b>11,899</b>	<b>49.9</b>	<b>23.7</b>	<b>20.1</b>	<b>5.4</b>	<b>9.7</b>	<b>1.8</b>	<b>1.7</b>	<b>19.6</b>	<b>13.3</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	14.99	n/a	n/a	2,311	21.4	18.3	15.8	7.2	7.8	1.5	1.4	9.6	9.4
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.51	n/a	n/a	3,764	10.4	7.7	6.4	6.5	8.4	0.7	0.6	12.7	11.0
Huangshan Tourism Dev.	900942 CH	n/a	0.82	n/a	n/a	1,126	11.5	9.5	8.6	8.5	9.6	1.0	0.9	11.9	8.9
Genting Bhd	GENT MK	n/a	4.53	n/a	n/a	3,651	17.0	10.4	9.1	3.9	4.7	0.5	0.5	6.2	5.8
Huazhu Group	HTHT US	n/a	37.75	n/a	n/a	12,034	21.9	20.1	17.3	34.4	29.7	6.5	5.6	12.7	11.9
Indian Hotels	IH IN	n/a	585.35	n/a	n/a	9,992	90.3	64.3	49.8	12.6	14.8	10.6	9.1	47.8	38.6
Lemon Tree Hotels	LEMONTRE IN	n/a	134.75	n/a	n/a	1,280	92.7	71.5	39.4	12.3	14.6	11.7	10.9	31.5	26.0
Lippo Karawaci	LPKR IJ	n/a	61.00	n/a	n/a	266	n/a	5.1	3.6	n/a	5.2	n/a	n/a	n/a	n/a
<b>Regional average</b>						<b>34,424</b>	<b>37.9</b>	<b>25.9</b>	<b>18.8</b>	<b>12.2</b>	<b>11.9</b>	<b>4.6</b>	<b>4.1</b>	<b>18.9</b>	<b>16.0</b>
<b>Overall average</b>						<b>46,323</b>	<b>43.9</b>	<b>24.9</b>	<b>19.4</b>	<b>8.8</b>	<b>10.8</b>	<b>3.2</b>	<b>2.9</b>	<b>19.3</b>	<b>14.6</b>

Sources: Bloomberg; FSSIA estimates



## Financial Statements

### Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	17,502	21,558	24,370	26,669	28,913
Cost of goods sold	(10,494)	(12,612)	(14,017)	(15,129)	(16,152)
<b>Gross profit</b>	<b>7,008</b>	<b>8,946</b>	<b>10,353</b>	<b>11,540</b>	<b>12,761</b>
Other operating income	-	-	-	-	-
Operating costs	(6,400)	(7,361)	(8,199)	(8,946)	(9,670)
<b>Operating EBITDA</b>	<b>3,741</b>	<b>4,608</b>	<b>5,263</b>	<b>5,872</b>	<b>6,574</b>
Depreciation	(3,133)	(3,023)	(3,109)	(3,278)	(3,482)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>608</b>	<b>1,585</b>	<b>2,154</b>	<b>2,594</b>	<b>3,092</b>
Net financing costs	(547)	(721)	(738)	(856)	(1,073)
Associates	(44)	(62)	1	59	130
Recurring non-operating income	491	642	580	733	855
Non-recurring items	0	128	0	0	0
<b>Profit before tax</b>	<b>552</b>	<b>1,633</b>	<b>1,996</b>	<b>2,471</b>	<b>2,874</b>
Tax	(138)	(377)	(399)	(482)	(549)
<b>Profit after tax</b>	<b>414</b>	<b>1,256</b>	<b>1,597</b>	<b>1,988</b>	<b>2,325</b>
Minority interests	(16)	(8)	(64)	(72)	(79)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>398</b>	<b>1,248</b>	<b>1,533</b>	<b>1,917</b>	<b>2,246</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(128)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>398</b>	<b>1,120</b>	<b>1,533</b>	<b>1,917</b>	<b>2,246</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.29	0.83	1.14	1.42	1.66
Reported EPS	0.29	0.92	1.14	1.42	1.66
DPS	0.00	0.00	0.45	0.57	0.67
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
<b>Growth</b>					
Revenue (%)	56.1	23.2	13.0	9.4	8.4
Operating EBITDA (%)	121.3	23.2	14.2	11.6	11.9
Operating EBIT (%)	nm	160.6	35.9	20.4	19.2
Recurring EPS (%)	nm	181.4	36.9	25.0	17.2
Reported EPS (%)	nm	213.5	22.8	25.0	17.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	40.0	41.5	42.5	43.3	44.1
Gross margin exc. depreciation (%)	57.9	55.5	55.2	55.6	56.2
Operating EBITDA margin (%)	21.4	21.4	21.6	22.0	22.7
Operating EBIT margin (%)	3.5	7.4	8.8	9.7	10.7
Net margin (%)	2.3	5.2	6.3	7.2	7.8
Effective tax rate (%)	23.1	24.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	2.0	3.1	3.7	3.9	3.7
Inventory days	43.9	38.2	35.1	35.9	36.2
Debtor days	21.2	23.2	25.2	27.1	28.5
Creditor days	152.0	131.4	123.2	125.9	126.9
Operating ROIC (%)	1.3	3.2	4.0	4.4	4.9
ROIC (%)	2.0	3.8	4.4	4.9	5.5
ROE (%)	2.2	5.9	7.5	8.8	9.7
ROA (%)	1.7	3.3	3.9	4.4	5.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	5,935	9,078	10,644	12,120	13,515
F&B revenue	11,553	12,465	13,712	14,534	15,384
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	2022	2023	2024E	2025E	2026E
Recurring net profit	398	1,120	1,533	1,917	2,246
Depreciation	3,133	3,023	3,109	3,278	3,482
Associates & minorities	-	-	-	-	-
Other non-cash items	(248)	246	64	72	79
Change in working capital	54	70	(18)	(47)	(101)
<b>Cash flow from operations</b>	<b>3,336</b>	<b>4,458</b>	<b>4,688</b>	<b>5,220</b>	<b>5,707</b>
Capex - maintenance	(1,201)	(9,611)	(8,000)	(6,700)	(6,200)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(644)	26	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,845)</b>	<b>(9,585)</b>	<b>(8,000)</b>	<b>(6,700)</b>	<b>(6,200)</b>
Dividends paid	0	0	0	(613)	(767)
Equity finance	0	0	0	0	0
Debt finance	(1,754)	4,625	3,000	700	1,200
Other financing cash flows	45	(116)	(61)	(68)	(75)
<b>Cash flow from financing</b>	<b>(1,709)</b>	<b>4,509</b>	<b>2,939</b>	<b>18</b>	<b>358</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>(218)</b>	<b>(618)</b>	<b>(372)</b>	<b>(1,462)</b>	<b>(135)</b>
Free cash flow to firm (FCFF)	2,217.57	(4,119.59)	(2,110.21)	(200.92)	825.83
Free cash flow to equity (FCFE)	(217.80)	(617.73)	(372.20)	(848.26)	631.46

#### Per share (THB)

FCFF per share	1.64	(3.05)	(1.56)	(0.15)	0.61
FCFE per share	(0.16)	(0.46)	(0.28)	(0.63)	0.47
Recurring cash flow per share	2.43	3.25	3.49	3.90	4.30

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	59,125	65,721	73,721	80,421	86,621
Less: Accumulated depreciation	(24,314)	(24,244)	(27,353)	(30,631)	(34,114)
<b>Tangible fixed assets (net)</b>	<b>34,811</b>	<b>41,477</b>	<b>46,368</b>	<b>49,789</b>	<b>52,507</b>
<b>Intangible fixed assets (net)</b>	<b>360</b>	<b>360</b>	<b>360</b>	<b>360</b>	<b>360</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,565	4,539	4,539	4,539	4,539
Cash & equivalents	3,137	2,519	2,147	685	550
A/C receivable	1,227	1,519	1,849	2,115	2,404
Inventories	1,024	982	1,118	1,214	1,298
Other current assets	927	668	755	826	896
<b>Current assets</b>	<b>6,315</b>	<b>5,688</b>	<b>5,868</b>	<b>4,841</b>	<b>5,148</b>
Other assets	2,115	2,138	2,138	2,138	2,138
<b>Total assets</b>	<b>48,166</b>	<b>54,204</b>	<b>59,274</b>	<b>61,668</b>	<b>64,694</b>
Common equity	18,518	19,675	21,208	22,512	23,991
Minorities etc.	373	343	346	350	353
<b>Total shareholders' equity</b>	<b>18,891</b>	<b>20,018</b>	<b>21,555</b>	<b>22,862</b>	<b>24,345</b>
Long term debt	21,671	26,178	29,178	29,878	31,078
Other long-term liabilities	2,952	3,176	3,176	3,176	3,176
<b>Long-term liabilities</b>	<b>24,623</b>	<b>29,354</b>	<b>32,354</b>	<b>33,054</b>	<b>34,254</b>
A/C payable	3,460	3,445	3,919	4,258	4,552
Short term debt	809	928	928	928	928
Other current liabilities	383	459	519	568	615
<b>Current liabilities</b>	<b>4,652</b>	<b>4,832</b>	<b>5,366</b>	<b>5,753</b>	<b>6,095</b>
<b>Total liabilities and shareholders' equity</b>	<b>48,166</b>	<b>54,204</b>	<b>59,274</b>	<b>61,668</b>	<b>64,694</b>
Net working capital	(665)	(735)	(716)	(670)	(569)
Invested capital	41,186	47,781	52,689	56,158	58,976

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

#### Per share (THB)

Book value per share	13.72	14.57	15.71	16.68	17.77
Tangible book value per share	13.45	14.31	15.44	16.41	17.50

#### Financial strength

Net debt/equity (%)	102.4	122.8	129.7	131.8	129.2
Net debt/total assets (%)	40.2	45.4	47.2	48.8	48.6
Current ratio (x)	1.4	1.2	1.1	0.8	0.8
CF interest cover (x)	0.6	0.1	0.5	0.0	1.6

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>149.2</b>	<b>53.0</b>	<b>38.7</b>	<b>31.0</b>	<b>26.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>169.6</b>	<b>60.3</b>	<b>44.0</b>	<b>35.2</b>	<b>30.0</b>
Reported P/E (x)	149.2	47.6	38.7	31.0	26.4
Dividend yield (%)	-	-	1.0	1.3	1.5
Price/book (x)	3.2	3.0	2.8	2.6	2.5
Price/tangible book (x)	3.3	3.1	2.8	2.7	2.5
EV/EBITDA (x) **	21.1	18.3	16.7	15.3	13.9
EV/EBITDA @ target price (x) **	23.3	20.1	18.2	16.7	15.1
EV/invested capital (x)	1.9	1.8	1.7	1.6	1.5

\* 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 19: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★★	>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 20: 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 21: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>2.48</b>	<b>2.93</b>
BESG environmental pillar score	—	—	2.28	2.32
BESG social pillar score	—	—	1.94	2.61
BESG governance pillar score	—	—	3.83	4.69
<b>ESG disclosure score</b>	<b>43.86</b>	<b>52.49</b>	<b>53.62</b>	<b>54.19</b>
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
<b>Environmental</b>				
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 22: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
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	—	—	—	—
<b>Social</b>				
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
<b>Governance</b>				
<b>Board size</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>1</b>	<b>11</b>	<b>12</b>	<b>7</b>
No. of female executives	0	3	3	2
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	4	3	3
Audit committee meetings	8	7	8	8
Audit meeting attendance %	96	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>
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
<b>Size of nomination committee</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>
No. of nomination committee meetings	3	2	3	3
Nomination meeting attendance %	100	100	92	100
<b>Sustainability governance</b>				
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 <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+																		
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<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="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;"><b>AAA</b></td> <td style="text-align: left;">8.571-10.000</td> <td style="text-align: right;"><b>Leader:</b></td> <td style="text-align: left;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;"><b>AA</b></td> <td style="text-align: left;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>A</b></td> <td style="text-align: left;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>BBB</b></td> <td style="text-align: left;">4.286-5.713</td> <td style="text-align: right;"><b>Average:</b></td> <td style="text-align: left;">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;"><b>BB</b></td> <td style="text-align: left;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>B</b></td> <td style="text-align: left;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>CCC</b></td> <td style="text-align: left;">0.000-1.428</td> <td style="text-align: right;"><b>Laggard:</b></td> <td style="text-align: left;">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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
Central Plaza Hotel	CENTEL TB	THB 44.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 4.46	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 31.75	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 4.78	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 2.34	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 9.20	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.
Bound and Beyond	BEYOND TB	THB 9.70	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.

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 22-Apr-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.